

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
AQUA WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 1(a)
Revised

| Line No. | Item | Capitalization Ratio [1] (a) | Original Cost Rate Base (b) | Embedded Cost (c) | Overall Cost Rate [7] (d) | Net Operating Income (e) |
|--|--------|---------------------------------|-----------------------------|-------------------|------------------------------|--------------------------|
| <u>Present rates:</u> | | | | | | |
| 1. | Debt | 50.00% | \$67,947,463 [2] | 4.21% [1] | 2.11% | \$2,860,588 [8] |
| 2. | Equity | 50.00% | 67,947,462 [2] | 7.29% [6] | 3.65% | 4,955,827 [9] |
| 3. | Total | <u>100.00%</u> | <u>\$135,894,925 [3]</u> | | <u>5.75%</u> | <u>\$7,816,415 [10]</u> |
| <u>Company proposed rates:</u> | | | | | | |
| 4. | Debt | 50.00% | \$67,947,463 [4] | 4.21% [1] | 2.11% | \$2,860,588 [8] |
| 5. | Equity | 50.00% | 67,947,462 [4] | 11.83% [6] | 5.92% | 8,035,162 [11] |
| 6. | Total | <u>100.00%</u> | <u>\$135,894,925 [3]</u> | | <u>8.02%</u> | <u>\$10,895,750 [12]</u> |
| <u>Public Staff recommended rates:</u> | | | | | | |
| 7. | Debt | 50.00% | \$67,947,463 [5] | 4.21% [1] | 2.11% | \$2,860,588 [8] |
| 8. | Equity | 50.00% | 67,947,462 [5] | 9.40% [1] | 4.70% | 6,387,061 [8] |
| 9. | Total | <u>100.00%</u> | <u>\$135,894,925 [3]</u> | | <u>6.81%</u> | <u>\$9,247,649</u> |

- [1] Provided by Public Staff Financial Analyst Hinton.
[2] Column (a) x Line 3, Column (b).
[3] Henry Exhibit I, Schedule 2(a), Line 15, Column (c).
[4] Column (a) x Line 6, Column (b).
[5] Column (a) x Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) x Column (c).
[8] Column (b) x Column (c).
[9] Line 3 - Line 1, Column (e).
[10] Henry Exhibit I, Schedule 3(a), Line 39, Column (c).
[11] Line 6 - Line 4, Column (e).
[12] Henry Exhibit I, Schedule 3(a), Line 39, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
AQUA SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 1(b)
Revised

| Line No. | Item | Capitalization Ratio [1] (a) | Original Cost Rate Base [2] (b) | Embedded Cost [3] (c) | Overall Cost Rate [7] (d) | Net Operating Income [8] (e) |
|--|--------|---------------------------------|------------------------------------|--------------------------|------------------------------|---------------------------------|
| <u>Present rates:</u> | | | | | | |
| 1. | Debt | 50.00% | \$30,183,839 [2] | 4.21% [1] | 2.11% | \$1,270,740 [8] |
| 2. | Equity | 50.00% | 30,183,840 [2] | 7.40% [6] | 3.70% | 2,232,193 [9] |
| 3. | Total | <u>100.00%</u> | <u>\$60,367,679 [3]</u> | | <u>5.81%</u> | <u>\$3,502,933 [10]</u> |
| <u>Company proposed rates:</u> | | | | | | |
| 4. | Debt | 50.00% | \$30,183,839 [4] | 4.21% [1] | 2.11% | \$1,270,740 [8] |
| 5. | Equity | 50.00% | 30,183,840 [4] | 11.33% [6] | 5.67% | 3,420,211 [11] |
| 6. | Total | <u>100.00%</u> | <u>\$60,367,679 [3]</u> | | <u>7.77%</u> | <u>\$4,690,951 [12]</u> |
| <u>Public Staff recommended rates:</u> | | | | | | |
| 7. | Debt | 50.00% | \$30,183,839 [5] | 4.21% [1] | 2.11% | \$1,270,740 [8] |
| 8. | Equity | 50.00% | 30,183,840 [5] | 9.40% [1] | 4.70% | 2,837,281 [8] |
| 9. | Total | <u>100.00%</u> | <u>\$60,367,679 [3]</u> | | <u>6.81%</u> | <u>\$4,108,021</u> |

- [1] Provided by Public Staff Financial Analyst Hinton.
[2] Column (a) x Line 3, Column (b).
[3] Henry Exhibit I, Schedule 2(b), Line 15, Column (c).
[4] Column (a) x Line 6, Column (b).
[5] Column (a) x Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) x Column (c).
[8] Column (b) x Column (c).
[9] Line 3 - Line 1, Column (e).
[10] Henry Exhibit I, Schedule 3(b), Line 40, Column (c).
[11] Line 6 - Line 4, Column (e).
[12] Henry Exhibit I, Schedule 3(b), Line 40, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
FAIRWAYS WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 1(c)
Revised

| Line No. | Item | Capitalization Ratio [1] (a) | Original Cost Rate Base [2] (b) | Embedded Cost [3] (c) | Overall Cost Rate [7] (d) | Net Operating Income [8] (e) |
|--|--------|---------------------------------|------------------------------------|--------------------------|------------------------------|---------------------------------|
| <u>Present rates:</u> | | | | | | |
| 1. | Debt | 50.00% | \$1,671,979 [2] | 4.21% [1] | 2.11% | \$70,390 [8] |
| 2. | Equity | 50.00% | 1,671,978 [2] | 8.86% [6] | 4.43% | 148,137 [9] |
| 3. | Total | <u>100.00%</u> | <u>\$3,343,957 [3]</u> | | <u>6.54%</u> | <u>\$218,527 [10]</u> |
| <u>Company proposed rates:</u> | | | | | | |
| 4. | Debt | 50.00% | \$1,671,979 [4] | 4.21% [1] | 2.11% | \$70,390 [8] |
| 5. | Equity | 50.00% | 1,671,978 [4] | 14.10% [6] | 7.05% | 235,757 [11] |
| 6. | Total | <u>100.00%</u> | <u>\$3,343,957 [3]</u> | | <u>9.16%</u> | <u>\$306,147 [12]</u> |
| <u>Public Staff recommended rates:</u> | | | | | | |
| 7. | Debt | 50.00% | \$1,671,979 [5] | 4.21% [1] | 2.11% | \$70,390 [8] |
| 8. | Equity | 50.00% | 1,671,978 [5] | 9.40% [1] | 4.70% | 157,166 [8] |
| 9. | Total | <u>100.00%</u> | <u>\$3,343,957 [3]</u> | | <u>6.81%</u> | <u>\$227,556</u> |

- [1] Provided by Public Staff Financial Analyst Hinton.
[2] Column (a) x Line 3, Column (b).
[3] Henry Exhibit I, Schedule 2(c), Line 15, Column (c).
[4] Column (a) x Line 6, Column (b).
[5] Column (a) x Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) x Column (c).
[8] Column (b) x Column (c).
[9] Line 3 - Line 1, Column (e).
[10] Henry Exhibit I, Schedule 3(c), Line 39, Column (c).
[11] Line 6 - Line 4, Column (e).
[12] Henry Exhibit I, Schedule 3(c), Line 39, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
FAIRWAYS SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 1(d)
Revised

| Line No. | Item | Capitalization Ratio [1] (a) | Original Cost Rate Base [2] (b) | Embedded Cost [3] (c) | Overall Cost Rate [7] (d) | Net Operating Income [8] (e) |
|--|--------|---------------------------------|------------------------------------|--------------------------|------------------------------|---------------------------------|
| <u>Present rates:</u> | | | | | | |
| 1. | Debt | 50.00% | \$5,217,241 [2] | 4.21% [1] | 2.11% | \$219,646 [8] |
| 2. | Equity | 50.00% | 5,217,242 [2] | 10.03% [6] | 5.02% | 523,345 [9] |
| 3. | Total | <u>100.00%</u> | <u>\$10,434,483 [3]</u> | | <u>7.12%</u> | <u>\$742,991 [10]</u> |
| <u>Company proposed rates:</u> | | | | | | |
| 4. | Debt | 50.00% | \$5,217,241 [4] | 4.21% [1] | 2.11% | \$219,646 [8] |
| 5. | Equity | 50.00% | 5,217,242 [4] | 11.24% [6] | 5.62% | 586,242 [11] |
| 6. | Total | <u>100.00%</u> | <u>\$10,434,483 [3]</u> | | <u>7.73%</u> | <u>\$805,888 [12]</u> |
| <u>Public Staff recommended rates:</u> | | | | | | |
| 7. | Debt | 50.00% | \$5,217,241 [5] | 4.21% [1] | 2.11% | \$219,646 [8] |
| 8. | Equity | 50.00% | 5,217,242 [5] | 9.40% [1] | 4.70% | 490,421 [8] |
| 9. | Total | <u>100.00%</u> | <u>\$10,434,483 [3]</u> | | <u>6.81%</u> | <u>\$710,067</u> |

- [1] Provided by Public Staff Financial Analyst Hinton.
[2] Column (a) x Line 3, Column (b).
[3] Henry Exhibit I, Schedule 2(d), Line 15, Column (c).
[4] Column (a) x Line 6, Column (b).
[5] Column (a) x Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) x Column (c).
[8] Column (b) x Column (c).
[9] Line 3 - Line 1, Column (e).
[10] Henry Exhibit I, Schedule 3(d), Line 40, Column (c).
[11] Line 6 - Line 4, Column (e).
[12] Henry Exhibit I, Schedule 3(d), Line 40, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
BROOKWOOD WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 1(e)
Revised

| Line No. | Item | Capitalization Ratio [1] (a) | Original Cost Rate Base [2] (b) | Embedded Cost [3] (c) | Overall Cost Rate [7] (d) | Net Operating Income [8] (e) |
|--|--------|---------------------------------|------------------------------------|--------------------------|------------------------------|---------------------------------|
| <u>Present rates:</u> | | | | | | |
| 1. | Debt | 50.00% | \$13,535,208 [2] | 4.21% [1] | 2.11% | \$569,832 [8] |
| 2. | Equity | 50.00% | 13,535,208 [2] | 5.89% [6] | 2.95% | 797,795 [9] |
| 3. | Total | <u>100.00%</u> | <u>\$27,070,416 [3]</u> | | <u>5.05%</u> | <u>\$1,367,627 [10]</u> |
| <u>Company proposed rates:</u> | | | | | | |
| 4. | Debt | 50.00% | \$13,535,208 [4] | 4.21% [1] | 2.11% | \$569,832 [8] |
| 5. | Equity | 50.00% | 13,535,208 [4] | 11.61% [6] | 5.81% | 1,571,176 [11] |
| 6. | Total | <u>100.00%</u> | <u>\$27,070,416 [3]</u> | | <u>7.91%</u> | <u>\$2,141,008 [12]</u> |
| <u>Public Staff recommended rates:</u> | | | | | | |
| 7. | Debt | 50.00% | \$13,535,208 [5] | 4.21% [1] | 2.11% | \$569,832 [8] |
| 8. | Equity | 50.00% | 13,535,208 [5] | 9.40% [1] | 4.70% | 1,272,310 [8] |
| 9. | Total | <u>100.00%</u> | <u>\$27,070,416 [3]</u> | | <u>6.81%</u> | <u>\$1,842,142</u> |

- [1] Provided by Public Staff Financial Analyst Hinton.
[2] Column (a) x Line 3, Column (b).
[3] Henry Exhibit I, Schedule 2(e), Line 15, Column (c).
[4] Column (a) x Line 6, Column (b).
[5] Column (a) x Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) x Column (c).
[8] Column (b) x Column (c).
[9] Line 3 - Line 1, Column (e).
[10] Henry Exhibit I, Schedule 3(e), Line 39, Column (c).
[11] Line 6 - Line 4, Column (e).
[12] Henry Exhibit I, Schedule 3(e), Line 39, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
COMBINED OPERATIONS

Public Staff
Henry Exhibit I
Schedule 2
Revised

| Line No. | Item | Amount Per Application [1] (a) | Public Staff Adjustments [1] (b) | Amount Per Public Staff [1] (c) |
|-------------|--|--------------------------------------|--|---------------------------------------|
| 1. | Plant in service | \$540,941,907 | (\$3,577,532) | \$537,364,375 |
| 2. | Accumulated depreciation | (152,305,884) | 1,126,219 | (151,179,665) |
| 3. | Contributions in aid of construction | (205,484,249) | (2,574,894) | (208,059,143) |
| 4. | Accumulated amortization of CIAC | 78,822,205 | 1,217,310 | 80,039,515 |
| 5. | Acquisition adjustments | 2,068,244 | 90,781 | 2,159,025 |
| 6. | Accum. amort. of acquisition adjustments | 727,809 | (35,015) | 692,794 |
| 7. | Advances for construction | (4,330,411) | 239,280 | (4,091,131) |
| 8. | Net plant in service | 260,439,621 | (3,513,851) | 256,925,770 |
| 9. | Customer deposits | (363,819) | 4,463 | (359,356) |
| 10. | Unclaimed refunds and cost-free capital | (193,255) | 0 | (193,255) |
| 11. | Accumulated deferred income taxes | (27,649,972) | 502,122 | (27,147,850) |
| 12. | Materials and supplies inventory | 2,790,285 | 0 | 2,790,285 |
| 13. | Excess capacity adjustment | 0 | 0 | 0 |
| 14. | Working capital allowance | 6,714,144 | (1,618,279) | 5,095,865 |
| 15. | Original cost rate base | <u>\$241,737,004</u> | <u>(\$4,625,545)</u> | <u>\$237,111,459</u> |

[1] Sum of amounts from Henry Exhibit I, Schedules 2(a) through 2(e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
AQUA WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 2(a)
Revised

| Line No. | Item | Amount Per Application (a) | Public Staff Adjustments (b) | Amount Per Public Staff (c) | [9] |
|----------|--|----------------------------|------------------------------|-----------------------------|-----|
| 1. | Plant in service | \$299,149,243 | (\$1,651,928) [1] | \$297,497,315 | |
| 2. | Accumulated depreciation | (90,870,793) | 153,393 [2] | (90,717,400) | |
| 3. | Contributions in aid of construction | (97,921,547) | (1,057,684) [3] | (98,979,231) | |
| 4. | Accumulated amortization of CIAC | 36,792,178 | 462,127 [4] | 37,254,305 | |
| 5. | Acquisition adjustments | 6,102,179 | 90,781 [5] | 6,192,960 | |
| 6. | Accum. amort. of acquisition adjustments | (2,374,213) | (58,856) [5] | (2,433,069) | |
| 7. | Advances for construction | (2,820,937) | 72,900 [6] | (2,748,037) | |
| 8. | Net plant in service | 148,056,110 | (1,989,267) | 146,066,843 | |
| 9. | Customer deposits | (283,682) | 2,238 [7] | (281,444) | |
| 10. | Unclaimed refunds and cost-free capital | (46,582) | 0 | (46,582) | |
| 11. | Accumulated deferred income taxes | (15,202,768) | (17,689) [5] | (15,220,457) | |
| 12. | Materials and supplies inventory | 2,235,302 | 0 | 2,235,302 | |
| 13. | Excess capacity adjustment | 0 | 0 | 0 | |
| 14. | Working capital allowance | 3,669,309 | (528,046) [8] | 3,141,263 | |
| 15. | Original cost rate base | \$138,427,689 | (\$2,532,764) | \$135,894,925 | |

[1] Henry Exhibit I, Schedule 2-1, Line 3, Column (a).

[2] Henry Exhibit I, Schedule 2-2, Line 5, Column (a).

[3] Henry Exhibit I, Schedule 2-3, Line 1, Column (a).

[4] Henry Exhibit I, Schedule 2-3, Line 2, Column (a).

[5] Provided by Public Staff Accountant Feasel.

[6] Henry Exhibit I, Schedule 2-4, Line 5, Column (a).

[7] Henry Exhibit I, Schedule 2-5, Line 1, Column (a).

[8] Henry Exhibit I, Schedule 2-7, Line 17, Column (a).

[9] Column (a) plus Column (b).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
AQUA SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 2(b)
Revised

| Line No. | Item | Amount Per Application (a) | Public Staff Adjustments (b) | Amount Per Public Staff (c) | [10] |
|----------|--|-------------------------------|---------------------------------|--------------------------------|------|
| 1. | Plant in service | \$165,541,621 | (\$126,714) [1] | \$165,414,907 | |
| 2. | Accumulated depreciation | (44,574,718) | (376,419) [2] | (44,951,137) | |
| 3. | Contributions in aid of construction | (83,705,420) | (1,205,224) [3] | (84,910,644) | |
| 4. | Accumulated amortization of CIAC | 32,183,835 | 602,794 [4] | 32,786,629 | |
| 5. | Acquisition adjustments | (4,002,509) | 0 | (4,002,509) | |
| 6. | Accum. amort. of acquisition adjustments | 3,072,969 | 23,899 [5] | 3,096,868 | |
| 7. | Advances for construction | (1,446,924) | 159,500 [6] | (1,287,424) | |
| 8. | Net plant in service | 67,068,854 | (922,164) | 66,146,690 | |
| 9. | Customer deposits | (7,927) | 799 [7] | (7,128) | |
| 10. | Unclaimed refunds and cost-free capital | (6,342) | 0 | (6,342) | |
| 11. | Accumulated deferred income taxes | (7,472,043) | 222,316 [5] | (7,249,727) | |
| 12. | Materials and supplies inventory | 400,302 | 0 | 400,302 | |
| 13. | Excess capacity adjustment | 0 | 0 [8] | 0 | |
| 14. | Working capital allowance | 2,115,841 | (1,031,957) [9] | 1,083,884 | |
| 15. | Original cost rate base | \$62,098,685 | (\$1,731,006) | \$60,367,679 | |

[1] Henry Exhibit I, Schedule 2-1, Line 3, Column (b).

[2] Henry Exhibit I, Schedule 2-2, Line 5, Column (b).

[3] Henry Exhibit I, Schedule 2-3, Line 1, Column (b).

[4] Henry Exhibit I, Schedule 2-3, Line 2, Column (b).

[5] Provided by Public Staff Accountant Feasel.

[6] Henry Exhibit I, Schedule 2-4, Line 5, Column (b).

[7] Henry Exhibit I, Schedule 2-5, Line 1, Column (b).

[8] Henry Exhibit I, Schedule 2-6, Line 18, Column (c).

[9] Henry Exhibit I, Schedule 2-7, Line 17, Column (b).

[10] Column (a) plus Column (b).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
FAIRWAYS WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 2(c)
Revised

| Line No. | Item | Amount Per Application (a) | Public Staff Adjustments (b) | Amount Per Public Staff (c) | [9] |
|----------|--|-------------------------------|---------------------------------|--------------------------------|-----|
| 1. | Plant in service | \$12,954,594 | \$69,835 [1] | \$13,024,429 | |
| 2. | Accumulated depreciation | (3,512,889) | (31,239) [2] | (3,544,128) | |
| 3. | Contributions in aid of construction | (8,107,968) | (131,574) [3] | (8,239,542) | |
| 4. | Accumulated amortization of CIAC | 2,361,681 | 58,188 [4] | 2,419,869 | |
| 5. | Acquisition adjustments | 0 | 0 | 0 | |
| 6. | Accum. amort. of acquisition adjustments | 0 | 0 | 0 | |
| 7. | Advances for construction | (76,550) | 6,880 [5] | (69,670) | |
| 8. | Net plant in service | 3,618,868 | (27,911) | 3,590,957 | |
| 9. | Customer deposits | (6,153) | 222 [6] | (5,931) | |
| 10. | Unclaimed refunds and cost-free capital | (7,339) | 0 | (7,339) | |
| 11. | Accumulated deferred income taxes | (374,842) | (5,200) [7] | (380,042) | |
| 12. | Materials and supplies inventory | 21,017 | 0 | 21,017 | |
| 13. | Excess capacity adjustment | 0 | 0 | 0 | |
| 14. | Working capital allowance | 145,835 | (20,540) [8] | 125,295 | |
| 15. | Original cost rate base | \$3,397,386 | (\$53,429) | \$3,343,957 | |

[1] Henry Exhibit I, Schedule 2-1, Line 3, Column (c).

[2] Henry Exhibit I, Schedule 2-2, Line 5, Column (c).

[3] Henry Exhibit I, Schedule 2-3, Line 1, Column (c).

[4] Henry Exhibit I, Schedule 2-3, Line 2, Column (c).

[5] Henry Exhibit I, Schedule 2-4, Line 5, Column (c).

[6] Henry Exhibit I, Schedule 2-5, Line 1, Column (c).

[7] Provided by Public Staff Accountant Feasel.

[8] Henry Exhibit I, Schedule 2-7, Line 17, Column (c).

[9] Column (a) plus Column (b).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
FAIRWAYS SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 2(d)
Revised

| Line No. | Item | Amount Per Application (a) | Public Staff Adjustments (b) | Amount Per Public Staff (c) | [7] |
|----------|--|----------------------------|------------------------------|-----------------------------|-----|
| 1. | Plant in service | \$20,150,990 | (\$113,208) [1] | \$20,037,782 | |
| 2. | Accumulated depreciation | (2,552,134) | (49,191) [2] | (2,601,325) | |
| 3. | Contributions in aid of construction | (7,751,613) | (177,365) [3] | (7,928,978) | |
| 4. | Accumulated amortization of CIAC | 1,949,610 | 55,593 [4] | 2,005,203 | |
| 5. | Acquisition adjustments | 0 | 0 | 0 | |
| 6. | Accum. amort. of acquisition adjustments | 0 | 0 | 0 | |
| 7. | Advances for construction | 14,000 | 0 | 14,000 | |
| 8. | Net plant in service | 11,810,853 | (284,171) | 11,526,682 | |
| 9. | Customer deposits | (92) | 0 | (92) | |
| 10. | Unclaimed refunds and cost-free capital | (217) | 0 | (217) | |
| 11. | Accumulated deferred income taxes | (1,233,642) | 10,551 [5] | (1,223,091) | |
| 12. | Materials and supplies inventory | 7,306 | 0 | 7,306 | |
| 13. | Excess capacity adjustment | 0 | 0 | 0 | |
| 14. | Working capital allowance | 157,546 | (33,651) [6] | 123,895 | |
| 15. | Original cost rate base | \$10,741,754 | (\$307,271) | \$10,434,483 | |

[1] Henry Exhibit I, Schedule 2-1, Line 3, Column (d).

[2] Henry Exhibit I, Schedule 2-2, Line 5, Column (d).

[3] Henry Exhibit I, Schedule 2-3, Line 1, Column (d).

[4] Henry Exhibit I, Schedule 2-3, Line 2, Column (d).

[5] Provided by Public Staff Accountant Feasel.

[6] Henry Exhibit I, Schedule 2-7, Line 17, Column (d).

[7] Column (a) plus Column (b).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ORIGINAL COST RATE BASE
For The Test Year Ended September 30, 2019
BROOKWOOD WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 2(e)
Revised

| Line No. | Item | Amount Per Application (a) | Public Staff Adjustments (b) | Amount Per Public Staff (c) | [8] |
|----------|--|----------------------------|------------------------------|-----------------------------|-----|
| 1. | Plant in service | \$43,145,459 | (\$1,755,518) [1] | \$41,389,941 | |
| 2. | Accumulated depreciation | (10,795,350) | 1,429,676 [2] | (9,365,674) | |
| 3. | Contributions in aid of construction | (7,997,701) | (3,047) [3] | (8,000,748) | |
| 4. | Accumulated amortization of CIAC | 5,534,901 | 38,610 [4] | 5,573,511 | |
| 5. | Acquisition adjustments | (31,426) | 0 | (31,426) | |
| 6. | Accum. amort. of acquisition adjustments | 29,053 | (58) [5] | 28,995 | |
| 7. | Advances for construction | 0 | 0 | 0 | |
| 8. | Net plant in service | 29,884,936 | (290,337) | 29,594,599 | |
| 9. | Customer deposits | (65,965) | 1,204 [6] | (64,761) | |
| 10. | Unclaimed refunds and cost-free capital | (132,775) | 0 | (132,775) | |
| 11. | Accumulated deferred income taxes | (3,366,677) | 292,144 [5] | (3,074,533) | |
| 12. | Materials and supplies inventory | 126,358 | 0 | 126,358 | |
| 13. | Excess capacity adjustment | 0 | 0 | 0 | |
| 14. | Working capital allowance | 625,613 | (4,085) [7] | 621,528 | |
| 15. | Original cost rate base | \$27,071,490 | (\$1,074) | \$27,070,416 | |

[1] Henry Exhibit I, Schedule 2-1, Line 3, Column (e).

[2] Henry Exhibit I, Schedule 2-2, Line 5, Column (e).

[3] Henry Exhibit I, Schedule 2-3, Line 1, Column (e).

[4] Henry Exhibit I, Schedule 2-3, Line 2, Column (e).

[5] Provided by Public Staff Accountant Feasel.

[6] Henry Exhibit I, Schedule 2-5, Line 1, Column (e).

[7] Henry Exhibit I, Schedule 2-7, Line 17, Column (e).

[8] Column (a) plus Column (b).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO PLANT IN SERVICE
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-1
Revised

| <u>Line No.</u> | <u>Item</u> | <u>Aqua Water (a)</u> | <u>Aqua Sewer (b)</u> | <u>Fairways Water (c)</u> | <u>Fairways Sewer (d)</u> | <u>Brookwood Water (e)</u> |
|---------------------|---|-------------------------------|-------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| 1 | Adjustment to post test year additions | (\$1,380,141) [1] | (\$250,590) [1] | \$23,886 [1] | (\$143,137) [1] | (\$1,827,550) [1] |
| 2 | Adjustment to allocate purchased vehicles | <u>(271,787) [2]</u> | <u>123,876 [2]</u> | <u>45,949 [2]</u> | <u>29,929 [2]</u> | <u>72,032 [2]</u> |
| 3 | Adjustment to plant in service (L1 + L2) | <u><u>(\$1,651,928)</u></u> | <u><u>(\$126,714)</u></u> | <u><u>\$69,835</u></u> | <u><u>(\$113,208)</u></u> | <u><u>(\$1,755,518)</u></u> |

[1] Henry Exhibit I, Schedule 2-1(a), Line 5.

[2] Henry Exhibit I, Schedule 2-1(c), Line 1.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF ADJUSTMENT TO
POST TEST YEAR ADDITIONS
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-1(a)
Revised

| Line No. | Item | Aqua Water (a) | Aqua Sewer (b) | Fairways Water (c) | Fairways Sewer (d) | Brookwood Water (e) | Total [2] (f) |
|--|---|----------------------|--------------------|-----------------------|-----------------------|------------------------|----------------------|
| <u>Plant in service</u> | | | | | | | |
| 1. | Updated post test year system additions per Company | \$8,003,459 [1] | \$4,248,801 [1] | \$118,399 [1] | \$305,996 [1] | \$2,502,236 [1] | \$15,178,891 |
| 2. | Updated post test year IT additions per Company | 69,081 [1] | 18,241 [1] | 5,272 [1] | 3,359 [1] | 15,271 [1] | 111,224 |
| 3. | Total post test year additions per Company updates (L1 + L2) | 8,072,540 | 4,267,042 | 123,671 | 309,355 | 2,517,507 | 15,290,115 |
| 4. | Amount per Company application | 9,452,681 | 4,517,632 | 99,785 | 452,492 | 4,345,057 | 18,867,647 |
| 5. | Adjustment to post test year additions (L3 - L4) | <u>(\$1,380,141)</u> | <u>(\$250,590)</u> | <u>\$23,886</u> | <u>(\$143,137)</u> | <u>(\$1,827,550)</u> | <u>(\$3,577,532)</u> |
| <u>Accumulated depreciation</u> | | | | | | | |
| 6. | Updated post test year system additions per Company | 801,925 [1] | (163,900) [1] | (25,490) [1] | (18,662) [1] | 1,757,996 [1] | 2,351,869 |
| 7. | Updated post test year IT additions per Company | (17,602) [1] | (4,648) [1] | (1,343) [1] | (856) [1] | (3,891) [1] | (28,340) |
| 8. | Total post test year additions per Company updates (L6 + L7) | 784,323 | (168,548) | (26,833) | (19,518) | 1,754,105 | 2,323,529 |
| 9. | Amount per Company application | 615,755 | 187,786 | 708 | 27,265 | 315,486 | 1,147,000 |
| 10. | Adjustment to accumulated depreciation (L8 - L9) | <u>\$168,568</u> | <u>(\$356,334)</u> | <u>(\$27,541)</u> | <u>(\$46,783)</u> | <u>\$1,438,619</u> | <u>\$1,176,529</u> |
| <u>Depreciation expense</u> | | | | | | | |
| 11. | Updated post test year system additions per Company | 265,728 [1] | 121,465 [1] | 3,128 [1] | 8,929 [1] | 71,777 [1] | 471,027 |
| 12. | Updated post test year IT additions per Company | 17,602 [1] | 4,648 [1] | 1,343 [1] | 856 [1] | 3,891 [1] | 28,340 |
| 13. | Total post test year additions per Company updates (L11+ L12) | 283,330 | 126,113 | 4,471 | 9,785 | 75,668 | 499,367 |
| 14. | Amount per Company application | 393,153 | 187,786 | 7,218 | 15,675 | 158,147 | 761,979 |
| 15. | Adjustment to depreciation expense (L13 - L14) | <u>(\$109,823)</u> | <u>(\$61,673)</u> | <u>(\$2,747)</u> | <u>(\$5,890)</u> | <u>(\$82,479)</u> | <u>(\$262,612)</u> |

[1] Amount provided by the Company in response to Public Staff Data Request

[2] Sum of Columns (a) through (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
**CALCULATION OF PLANT RELATED TO
FUTURE CUSTOMERS**
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-1(b)
Page 1 of 2
Revised

| Line No. | Item | Number of Lots [1] (a) | Price per Contract [2] (b) | Total Purchase Price [3] (c) | Customers as of 09/30/19 [1] (d) | Plant in Use as of 09/30/19 [4] (e) | Adjustment to Plant in Service [5] (f) | Year System Acquired [1] (g) | Accumulated Depreciation [6] (h) |
|-------------|------------------------------|------------------------------|----------------------------------|---------------------------------------|---|--|---|---------------------------------------|--|
| 1 | Auburn Hills | 40 | \$300 | \$12,000 | 38 | \$11,400 | (\$600) | 2001 | \$462 |
| 2 | Bailey's Landing | 45 | 300 | 13,500 | 44 | 13,200 | (300) | 2006 | 171 |
| 3 | Banks Point | 87 | 350 | 30,450 | 87 | 30,450 | 0 | 2006 | 0 |
| 4 | Bayleaf Farms | 25 | 300 | 7,500 | 22 | 6,600 | (900) | 2002 | 657 |
| 5 | Beacon Pointe | 49 | 350 | 17,150 | 47 | 16,450 | (700) | 2001 | 539 |
| 6 | Brayton Park | 65 | 300 | 19,500 | 65 | 19,500 | 0 | 2005 | 0 |
| 7 | Cane Creek | 44 | 400 | 17,600 | 44 | 17,600 | 0 | 2006 | 0 |
| 8 | Castelli | 22 | 350 | 7,700 | 21 | 7,350 | (350) | 2007 | 186 |
| 9 | Cedar Hollow | 96 | 300 | 28,800 | 91 | 27,300 | (1,500) | 2004 | 975 |
| 10 | Copper Trace | 35 | 400 | 14,000 | 24 | 9,600 | (4,400) | 2005 | 2,684 |
| 11 | Creekwood | 64 | 300 | 19,200 | 59 | 17,700 | (1,500) | 2004 | 975 |
| 12 | Crescent Ridge | 97 | 300 | 29,100 | 95 | 28,500 | (600) | 2006 | 342 |
| 13 | Devonshire | 32 | 300 | 9,600 | 30 | 9,000 | (600) | 2004 | 390 |
| 14 | Elliott Landing | 86 | 300 | 25,800 | 86 | 25,800 | 0 | 2006 | 0 |
| 15 | Forest Pointe | 59 | 300 | 17,700 | 42 | 12,600 | (5,100) | 2003 | 3,519 |
| 16 | Heather Glen | 37 | 300 | 11,100 | 36 | 10,800 | (300) | 2000 | 243 |
| 17 | Henson Farms | 103 | 425 | 43,775 | 91 | 38,675 | (5,100) | 2002 | 3,723 |
| 18 | Henson Forest | 144 | 425 | 61,200 | 141 | 59,925 | (1,275) | 2008 | 625 |
| 19 | Hickory Creek (Surry County) | 80 | 450 | 36,000 | 60 | 27,000 | (9,000) | 2001 | 6,930 |
| 20 | Keltic Meadows III | 34 | 300 | 10,200 | 27 | 8,100 | (2,100) | 2000 | 1,701 |
| 21 | La Ventana | 47 | 300 | 14,100 | 44 | 13,200 | (900) | 2001 | 693 |
| 22 | Linville | 46 | 150 | 6,900 | 42 | 6,300 | (600) | 2005 | 366 |
| 23 | Mial Plantation | 40 | 300 | 12,000 | 40 | 12,000 | 0 | 2001 | 0 |
| 24 | Milton Acres | 32 | 400 | 12,800 | 24 | 9,600 | (3,200) | 2002 | 2,336 |
| 25 | Northfield | 10 | 300 | 3,000 | 5 | 1,500 | (1,500) | 2004 | 975 |
| 26 | Ogburn Farms | 65 | 300 | 19,500 | 62 | 18,600 | (900) | 2005 | 549 |
| 27 | Old Farm Crossing | 36 | 300 | 10,800 | 34 | 10,200 | (600) | 2006 | 342 |
| 28 | Plantation Point | 382 | 300 | 114,600 | 382 | 114,600 | 0 | 2007 | 0 |
| 29 | River Chase | 39 | 300 | 11,700 | 38 | 11,400 | (300) | 2005 | 183 |
| 30 | Southern Meadows | 44 | 350 | 15,400 | 43 | 15,050 | (350) | 2005 | 214 |
| 31 | Southern Woods | 29 | 300 | 8,700 | 26 | 7,800 | (900) | 1997 | 837 |
| 32 | Stamey's Walk | 48 | 400 | 19,200 | 46 | 18,400 | (800) | 2006 | 456 |
| 33 | Stanley Acres | 56 | 400 | 22,400 | 44 | 17,600 | (4,800) | 2004 | 3,120 |
| 34 | Sunset Bay | 33 | 400 | 13,200 | 25 | 10,000 | (3,200) | 2003 | 2,208 |
| 35 | The Barony | 29 | 175 | 5,075 | 23 | 4,025 | (1,050) | 2005 | 641 |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
**CALCULATION OF PLANT RELATED TO
FUTURE CUSTOMERS**
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-1(b)
Page 2 of 2
Revised

| Line No. | Item | Number of Lots [1] (a) | Price per Contract [2] (b) | Total Purchase Price [3] (c) | Customers as of 9/30/2019 [1] (d) | Plant in Use as of 9/30/2019 [4] (e) | Adjustment to Plant in Service [5] (f) | Year System Acquired [1] (g) | Accumulated Depreciation [6] (h) |
|-------------|-------------------------------------|------------------------------|----------------------------------|---------------------------------------|--|---|---|---------------------------------------|--|
| 36 | The Highlands at Lake Norman | 36 | 400 | 14,400 | 23 | 9,200 | (5,200) | 2003 | 3,588 |
| 37 | The Summit at Lake Norman | 47 | 400 | 18,800 | 18 | 7,200 | (11,600) | 2001 | 8,932 |
| 38 | Turner Downs | 185 | 350 | 64,750 | 185 | 64,750 | 0 | 2006 | 0 |
| 39 | Tuscany at Henson Meadows | 13 | 425 | 5,525 | 9 | 3,825 | (1,700) | 2005 | 1,037 |
| 40 | Upchurch Place (Upchurch Farms) | 39 | 300 | 11,700 | 39 | 11,700 | 0 | 2004 | 0 |
| 41 | Upchurch Place (Upchurch Farms) | 23 | 300 | 6,900 | 23 | 6,900 | 0 | 2009 | 0 |
| 42 | Vintage Acres | 32 | 350 | 11,200 | 32 | 11,200 | 0 | 2006 | 0 |
| 43 | Wild Wing | 49 | 350 | 17,150 | 36 | 12,600 | (4,550) | 2001 | 3,504 |
| 44 | Williard Oaks | 46 | 400 | 18,400 | 44 | 17,600 | (800) | 2001 | 616 |
| 45 | Wyntree | 21 | 350 | 7,350 | 19 | 6,650 | (700) | 2003 | 483 |
| 46 | Total - Aqua water Per Public Staff | | | <u>\$897,425</u> | <u>2,456</u> | <u>\$819,450</u> | <u>(77,975)</u> | | <u>55,202</u> |
| 47 | Amount per application | | | | | | <u>(77,975)</u> | | <u>51,301</u> |
| 48 | Adjustment amount (L46 - L47) | | | | | | <u>\$0</u> | | <u>\$3,901</u> |

[1] Based on information provided by Company.

[2] Based on contract between Company and developer.

[3] Column (a) multiplied by Column (b).

[4] Column (b) multiplied by Column (d).

[5] Column (e) minus Column (c).

[6] Column (f) multiplied by composite depreciation rate of 4% times years since acquired from year of system acquisition through March 31, 2020, using half year convention.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO ALLOCATE VEHICLES PURCHASED
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-1(c)
Revised

| Line No. | Item | Aqua Water [1] (a) | Aqua Sewer [1] (b) | Fairways Water [1] (c) | Fairways Sewer [1] (d) | Brookwood Water [1] (e) | Total (f) |
|----------|---|-----------------------|-----------------------|---------------------------|---------------------------|----------------------------|--------------|
| 1. | Adjustment to allocate purchased vehicles | <u>(\$271,787)</u> | <u>\$123,876</u> | <u>\$45,949</u> | <u>\$29,929</u> | <u>\$72,032</u> | <u>(\$0)</u> |
| 2. | Adjustment to allocate accumulated depreciation of purchased vehicles | <u>\$19,988</u> | <u>(\$7,967)</u> | <u>(\$3,699)</u> | <u>(\$2,408)</u> | <u>(\$5,914)</u> | <u>\$0</u> |
| 3. | Adjustment to allocate depreciation expense of purchased vehicles | <u>(\$20,074)</u> | <u>\$8,004</u> | <u>\$3,710</u> | <u>\$2,414</u> | <u>\$5,946</u> | <u>\$0</u> |
| [1] | Allocated using customer ratio from Exhibit B1/B2-6. | | | | | | |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO ACCUMULATED DEPRECIATION
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-2
Revised

| Line No. | <u>Item</u> | Aqua Water (a) | Aqua Sewer (b) | Fairways Water (c) | Fairways Sewer (d) | Brookwood Water (e) |
|-------------|---|----------------------|----------------------|--------------------------|--------------------------|---------------------------|
| 1 | Adjustment to post test year additions | \$168,568 [1] | (\$356,334) [1] | (\$27,541) [1] | (\$46,783) [1] | \$1,438,619 [1] |
| 2 | Adjustment to remove cost related to future customers | 3,901 [2] | 0 [2] | 0 [2] | 0 [2] | 0 [2] |
| 3 | Adjustment for vehicle allocations | 19,988 [3] | (7,967) [3] | (3,699) [3] | (2,408) [3] | (5,914) [3] |
| 4 | Adjustment for WSIC/SSIC in service date | (39,064) [4] | (12,118) [4] | 0 [4] | 0 [4] | (3,029) [4] |
| 5 | Total Public Staff adjustment (Sum of L1 thru L4) | <u>\$153,393</u> | <u>(\$376,419)</u> | <u>(\$31,239)</u> | <u>(\$49,191)</u> | <u>\$1,429,676</u> |

[1] Henry Exhibit I, Schedule 2-1(a), Line 10.

[2] Henry Exhibit I, Schedule 2-1(b), Column (h), Line 48.

[3] Henry Exhibit I, Schedule 2-1(c), Line 2.

[4] Calculated based on adjustments to May 1, 2019 WSIC/SSIC rate application.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO CONTRIBUTIONS IN AID OF
CONSTRUCTION (CIAC), ACCUMULATED
AMORTIZATION AND AMORTIZATION EXPENSE
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-3
Revised

| <u>Line No.</u> | <u>Item</u> | <u>Aqua Water (a)</u> | <u>Aqua Sewer (b)</u> | <u>Fairways Water (c)</u> | <u>Fairways Sewer (d)</u> | <u>Brookwood Water (e)</u> |
|---------------------|--|-------------------------------|-------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| | <u>Contributions in aid of construction</u> | | | | | |
| 1 | Adjustment to include post test year additions | <u>(\$1,057,684) [1]</u> | <u>(\$1,205,224) [1]</u> | <u>(\$131,574) [1]</u> | <u>(\$177,365) [1]</u> | <u>(\$3,047) [1]</u> |
| | <u>Accumulated amortization of CIAC</u> | | | | | |
| 2 | Adjustment to include post test year additions | <u>\$462,127 [2]</u> | <u>\$602,794 [2]</u> | <u>\$58,188 [2]</u> | <u>\$55,593 [2]</u> | <u>\$38,610 [2]</u> |
| | <u>Amortization expense - CIAC</u> | | | | | |
| 3 | Adjustment to include post test year additions | <u>(\$19,585) [2]</u> | <u>(\$27,375) [2]</u> | <u>(\$2,863) [2]</u> | <u>(\$4,738) [2]</u> | <u>(\$132) [2]</u> |

[1] Amount provided by the Company in response to Public Staff date request.

[2] Calculated based on updated CIAC and amortization rates.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO ADVANCES FOR CONSTRUCTION
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-4
Revised

| Line No. | <u>Item</u> | Aqua Water [1] (a) | Aqua Sewer [1] (b) | Fairways Water [1] (c) | Fairways Sewer [1] (d) |
|-------------|--|--------------------------|--------------------------|------------------------------|------------------------------|
| 1 | #252050 - CAC-WIP Non Cash | (\$3,105,537) | (\$1,645,624) | (\$98,050) | \$14,000 |
| 2 | #252080 - CAC-WIP Cash | 357,500 | 358,200 | 28,380 | 0 |
| 3 | Advances for construction per Public Staff (L1 + L2) | <u>(2,748,037)</u> | <u>(1,287,424)</u> | <u>(69,670)</u> | <u>14,000</u> |
| 4 | Amount per Company application | <u>(2,820,937)</u> | <u>(1,446,924)</u> | <u>(76,550)</u> | <u>14,000</u> |
| 5 | Adjustment to advances for construction (L5 - L4) | <u><u>\$72,900</u></u> | <u><u>\$159,500</u></u> | <u><u>\$6,880</u></u> | <u><u>\$0</u></u> |

[1] Amount provided by Company in response to Public Staff data request.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO CUSTOMER DEPOSITS
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-5
Revised

| <u>Line No.</u> | <u>Item</u> | <u>Aqua Water (a)</u> | <u>Aqua Sewer (b)</u> | <u>Fairways Water (c)</u> | <u>Fairways Sewer (d)</u> | <u>Brookwood Water (e)</u> |
|---------------------|--|-------------------------------|-------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| 1 | Adjustment to update to March 31, 2020 | <u>\$2,238</u> [1] | <u>\$799</u> [1] | <u>\$222</u> [1] | <u>\$0</u> [1] | <u>\$1,204</u> [1] |

[1] Per examination of Company's financial records.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF EXCESS CAPACITY
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-6
Revised

| Line No. | Item | Plant, net of CIAC (a) | Accumulated Depreciation (b) | Plant, net of Accum. Depr. & CIAC [14] (c) | Depreciation Expense (d) | CIAC Amortization Expense (e) |
|---------------------------------|---|---------------------------|---------------------------------|---|-----------------------------|----------------------------------|
| <u>Aqua - sewer operations:</u> | | | | | | |
| 1. | Carolina Meadows WWTP plant cost | \$7,128,926 [1] | (\$3,139,192) [8] | \$3,989,734 | \$197,474 [15] | \$0 |
| 2. | Carolina Meadows WWTP CIAC | (66,600) [2] | 12,552 [9] | (54,048) | 0 | (1,845) [18] |
| 3. | Plant, net of CIAC (L1 + L2) | 7,062,326 | (3,126,640) | 3,935,686 | 197,474 | (1,845) |
| 4. | Excess capacity percentage | 0.00% [3] | 0.00% [3] | 0.00% [3] | 0.00% [3] | 0.00% [3] |
| 5. | Excess capacity to be removed (L3 x L4) | 0 | 0 | 0 | 0 | 0 |
| 6. | The Legacy at Jordan Lake WWTP plant cost | 1,534,238 [4] | (698,141) [10] | 836,097 | 42,498 [16] | 0 |
| 7. | The Legacy at Jordan Lake WWTP CIAC | (1,116,289) [5] | 502,782 [11] | (613,507) | 0 | (30,921) [19] |
| 8. | Plant, net of CIAC (L6 + L7) | 417,949 | (195,359) | 222,590 | 42,498 | (30,921) |
| 9. | Excess capacity percentage | 0.00% [3] | 0.00% [3] | 0.00% [3] | 0.00% [3] | 0.00% [3] |
| 10. | Excess capacity to be removed (L8 x L9) | 0 | 0 | 0 | 0 | 0 |
| 11. | Westfall Subdivision WWTP plant cost | 1,246,000 [6] | (258,794) [12] | 987,206 | 34,513 [17] | 0 |
| 12. | Westfall Subdivision WWTP CIAC | (401,669) [7] | 75,705 [13] | (325,964) | 0 | (11,126) [20] |
| 13. | Plant, net of CIAC (L11 + L12) | 844,331 | (183,089) | 661,242 | 34,513 | (11,126) |
| 14. | Excess capacity percentage | 0.00% [3] | 0.00% [3] | 0.00% [3] | 0.00% [3] | 0.00% [3] |
| 15. | Excess capacity to be removed (L13 x L14) | 0 | 0 | 0 | 0 | 0 |
| 16. | Total excess capacity adjustment (L5 + L10 + L15) | 0 | 0 | 0 | 0 | 0 |
| 17. | Amount per Company application | 0 | 0 | 0 | 0 | 0 |
| 18. | Adjustment to excess capacity (L16 - L17) | \$0 | \$0 | \$0 | \$0 | \$0 |

[1] Henry Exhibit I, Schedule 2-6(a), Column (a), Line 39.

[2] Henry Exhibit I, Schedule 2-6(a), Column (a), Line 40.

[3] Provided by Public Staff Engineer Junis.

[4] Henry Exhibit I, Schedule 2-6(a), Column (a), Line 64.

[5] Henry Exhibit I, Schedule 2-6(a), Column (a), Line 65 plus Line 66.

[6] Henry Exhibit I, Schedule 2-6(a), Column (a), Line 82.

[7] Henry Exhibit I, Schedule 2-6(a), Column (a), Line 83.

[8] Henry Exhibit I, Schedule 2-6(a), Column (k), Line 39.

[9] Henry Exhibit I, Schedule 2-6(a), Column (k), Line 40.

[10] Henry Exhibit I, Schedule 2-6(a), Column (k), Line 64.

[11] Henry Exhibit I, Schedule 2-6(a), Column (k), Line 65 plus Line 66.

[12] Henry Exhibit I, Schedule 2-6(a), Column (k), Line 82.

[13] Henry Exhibit I, Schedule 2-6(a), Column (k), Line 83.

[14] Column (a) plus Column (b), unless footnoted otherwise.

[15] Henry Exhibit I, Schedule 2-6(a), Column (l), Line 39.

[16] Henry Exhibit I, Schedule 2-6(a), Column (l), Line 64.

[17] Henry Exhibit I, Schedule 2-6(a), Column (l), Line 82.

[18] Henry Exhibit I, Schedule 2-6(a), Column (l), Line 40.

[19] Henry Exhibit I, Schedule 2-6(a), Column (l), Line 65 plus Line 66.

[20] Henry Exhibit I, Schedule 2-6(a), Column (l), Line 83.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF NET PLANT IN SERVICE
FOR EXCESS CAPACITY SYSTEMS
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-6(a)
Page 1 of 2
Revised

| Line No. | Item | Amount | Depreciation / Amortization Rate Thru Sept/2011 [3] | Years In Service Thru Sept/2011 [1] | Accumulated Depreciation/ Amortization [1] As Of Sept/2011 [4] | Depreciation/ Amortization Rate from Oct/2011 Thru Oct/2013 [5] | Years In Service from Oct/2011 Thru June/2018 [1] | Accumulated Depreciation/ Amortization from Oct/2011 Thru June/2018 [6] | Depreciation/ Amortization Rate from Jul/2018 Thru Mar/2020 [7] | Years In Service from Jul/2018 Thru Mar/2020 [8] | Accumulated Depreciation/ Amortization from Jul/2018 Thru Mar/2020 [9] | Total Depreciation/ Amortization [10] | Depreciation/ Amortization Expense [11] |
|------------------------------|----------------------------------|-------------|---|-------------------------------------|--|---|---|---|---|--|--|---------------------------------------|---|
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) |
| Carolina Meadows WWTP | | | | | | | | | | | | | |
| 1 | 1996 additions | \$919,341 | 4.00% | 15.250 | \$560,798 | 3.29% | 6.750 | \$204,163 | 2.77% | 1.750 | \$44,565 | \$809,526 | \$25,466 |
| 2 | 1999 additions | 1,324,696 | 4.00% | 12.250 | 649,101 | 3.29% | 6.750 | 294,182 | 2.77% | 1.750 | 64,215 | 1,007,498 | 36,694 |
| 3 | 1999 additions | 233 | 4.00% | 12.250 | 114 | 3.29% | 6.750 | 52 | 2.77% | 1.750 | 11 | 177 | 6 |
| 4 | 2000 additions | 41,440 | 4.00% | 11.250 | 18,648 | 3.29% | 6.750 | 9,203 | 2.77% | 1.750 | 2,009 | 29,860 | 1,148 |
| 5 | 2001 additions | 30,069 | 4.00% | 10.250 | 12,328 | 3.29% | 6.750 | 6,678 | 2.77% | 1.750 | 1,458 | 20,464 | 833 |
| 6 | 2001 additions | 1,349 | 4.00% | 10.250 | 553 | 3.29% | 6.750 | 300 | 2.77% | 1.750 | 65 | 918 | 37 |
| 7 | 2002 additions | 9,116 | 4.00% | 9.250 | 3,373 | 3.29% | 6.750 | 2,024 | 2.77% | 1.750 | 442 | 5,839 | 253 |
| 8 | 2003 additions | 11,793 | 4.00% | 8.250 | 3,892 | 3.29% | 6.750 | 2,619 | 2.77% | 1.750 | 572 | 7,083 | 327 |
| 9 | 2004 additions | 3,320 | 4.00% | 7.250 | 963 | 3.29% | 6.750 | 737 | 2.77% | 1.750 | 161 | 1,861 | 92 |
| 10 | 2005 additions | 1,537 | 4.00% | 6.250 | 384 | 3.29% | 6.750 | 341 | 2.77% | 1.750 | 75 | 800 | 43 |
| 11 | 2008 additions | 2,827,352 | 4.00% | 3.250 | 367,556 | 3.29% | 6.750 | 627,884 | 2.77% | 1.750 | 137,056 | 1,132,496 | 78,318 |
| 12 | 2009 additions | 16,303 | 4.00% | 2.250 | 1,467 | 3.29% | 6.750 | 3,620 | 2.77% | 1.750 | 790 | 5,877 | 452 |
| 13 | 2010 additions | 22,155 | 4.00% | 1.250 | 1,108 | 3.29% | 6.750 | 4,920 | 2.77% | 1.750 | 1,074 | 7,102 | 614 |
| 14 | 2010 additions | (3,693) | 4.00% | 1.250 | (185) | 3.29% | 6.750 | (820) | 2.77% | 1.750 | (179) | (1,184) | (102) |
| 15 | 2011 additions | 328 | 4.00% | 0.375 | 5 | 3.29% | 6.625 | 71 | 2.77% | 1.750 | 16 | 92 | 9 |
| 16 | 2011 additions | 11,464 | 4.00% | 0.375 | 172 | 3.29% | 6.625 | 2,499 | 2.77% | 1.750 | 556 | 3,227 | 318 |
| 17 | 2011 retirements | (7,708) | 4.00% | 0.375 | (116) | 3.29% | 6.625 | (1,690) | 2.77% | 1.750 | (374) | (2,170) | (214) |
| 18 | 2012 additions | 23,665 | 4.00% | 0.000 | 0 | 3.29% | 6.000 | 4,671 | 2.77% | 1.750 | 1,147 | 5,818 | 656 |
| 19 | 2012 retirements | (16,387) | 4.00% | 0.000 | 0 | 3.29% | 6.000 | (3,235) | 2.77% | 1.750 | (794) | (4,029) | (454) |
| 20 | 2013 additions | 4,354 | 4.00% | 0.000 | 0 | 3.29% | 5.000 | 716 | 2.77% | 1.750 | 211 | 927 | 121 |
| 21 | 2013 retirements | (190) | 4.00% | 0.000 | 0 | 3.29% | 5.000 | (31) | 2.77% | 1.750 | (9) | (40) | (5) |
| 22 | 2013 additions | 88,543 | 4.00% | 0.000 | 0 | 3.29% | 5.000 | 14,565 | 2.77% | 1.750 | 4,292 | 18,857 | 2,453 |
| 23 | 2013 retirements | (40,893) | 4.00% | 0.000 | 0 | 3.29% | 5.000 | (6,727) | 2.77% | 1.750 | (1,982) | (8,709) | (1,133) |
| 24 | 2014 additions | 14,854 | 4.00% | 0.000 | 0 | 3.29% | 4.000 | 1,955 | 2.77% | 1.750 | 720 | 2,675 | 411 |
| 25 | 2014 additions | (6,873) | 4.00% | 0.000 | 0 | 3.29% | 4.000 | (904) | 2.77% | 1.750 | (333) | (1,237) | (190) |
| 26 | 2015 additions | 4,546 | 4.00% | 0.000 | 0 | 3.29% | 3.000 | 449 | 2.77% | 1.750 | 220 | 669 | 126 |
| 27 | 2015 retirements | (100) | 4.00% | 0.000 | 0 | 3.29% | 3.000 | (10) | 2.77% | 1.750 | (5) | (15) | (3) |
| 28 | 2016 additions | 40,714 | 4.00% | 0.000 | 0 | 3.29% | 2.000 | 2,679 | 2.77% | 1.750 | 1,974 | 4,653 | 1,128 |
| 29 | 2016 retirements | (30,026) | 4.00% | 0.000 | 0 | 3.29% | 2.000 | (1,976) | 2.77% | 1.750 | (1,456) | (3,432) | (832) |
| 30 | 2017 additions | 125,765 | 4.00% | 0.000 | 0 | 3.29% | 1.000 | 4,138 | 2.77% | 1.750 | 6,096 | 10,234 | 3,484 |
| 31 | 2017 retirements | (39,985) | 4.00% | 0.000 | 0 | 3.29% | 1.000 | (1,316) | 2.77% | 1.750 | (1,938) | (3,254) | (1,108) |
| 32 | 2018 additions | 1,690,439 | 4.00% | 0.000 | 0 | 3.29% | 0.250 | 13,904 | 2.77% | 1.500 | 70,238 | 84,142 | 46,825 |
| 33 | 2018 retirements | (13,250) | 4.00% | 0.000 | 0 | 3.29% | 0.250 | (109) | 2.77% | 1.500 | (551) | (660) | (367) |
| 34 | 2018 additions | 61,003 [2] | 4.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 1.750 | 2,957 | 2,957 | 1,690 |
| 35 | 2018 retirements | (2,483) [2] | 4.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 1.750 | (120) | (120) | (69) |
| 36 | 2019 additions | 13,472 [2] | 4.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.750 | 280 | 280 | 373 |
| 37 | 2020 additions | 3,095 [2] | 4.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.125 | 11 | 11 | 86 |
| 38 | 2020 retirements | (432) [2] | 4.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.125 | (1) | (1) | (12) |
| 39 | Total plant (Sum of L1 thru L38) | 7,128,926 | | | 1,620,161 | | | 1,185,562 | | | 333,469 | 3,139,192 | 197,474 |
| 40 | 2013 CIAC | (66,600) | 2.66% | 0.000 | 0 | 2.80% | 5.000 | (9,324) | 2.77% | 1.750 | (3,228) | (12,552) | (1,845) |
| | Net plant (L39 + L40) | \$7,062,326 | | | \$1,620,161 | | | \$1,176,238 | | | \$330,241 | \$3,126,640 | \$195,629 |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF NET PLANT IN SERVICE
FOR EXCESS CAPACITY SYSTEMS
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-6(a)
Page 2 of 2
Revised

| | Amount | Depreciation / Amortization Rate Thru | Years In Service Thru | Accumulated Depreciation/ Amortization | Depreciation/ Amortization Rate | Years In Service | Accumulated Depreciation/ Amortization | Depreciation/ Amortization Rate | Years In Service | Accumulated Depreciation/ Amortization | Total Depreciation/ Amortization | Depreciation/ Amortization |
|---|--------------|---|--------------------------|--|---------------------------------------|---------------------|--|---------------------------------------|---------------------|--|--|-------------------------------|
| | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] | [10] | [11] | [12] |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) |
| The Legacy at Jordan Lake WWTP | | | | | | | | | | | | |
| 41 2007 additions | \$1,424,706 | 5.00% | 4,250 | \$302,750 | 3.29% | 6,750 | \$316,392 | 2.77% | 1,750 | \$69,063 | \$688,205 | \$39,464 |
| 42 2008 additions | 225 | 5.00% | 3,250 | 37 | 3.29% | 6,750 | 50 | 2.77% | 1,750 | 11 | 98 | 6 |
| 43 2009 additions | 13,280 | 5.00% | 2,250 | 1,494 | 3.29% | 6,750 | 2,949 | 2.77% | 1,750 | 644 | 5,087 | 368 |
| 44 2010 additions | 99 | 5.00% | 1,250 | 6 | 3.29% | 6,750 | 22 | 2.77% | 1,750 | 5 | 33 | 3 |
| 45 2011 additions | 2,508 | 5.00% | 0.375 | 47 | 3.29% | 6,625 | 547 | 2.77% | 1,750 | 122 | 716 | 69 |
| 46 2012 additions | 8,747 | 5.00% | 0.000 | 0 | 3.29% | 6,000 | 1,727 | 2.77% | 1,750 | 424 | 2,151 | 242 |
| 47 2012 retires on 2007 additions | (5,350) | 5.00% | 0.000 | 0 | 3.29% | 6,000 | (1,056) | 2.77% | 1,750 | (259) | (1,315) | (148) |
| 48 2013 additions | 236 | 5.00% | 0.000 | 0 | 3.29% | 5,000 | 39 | 2.77% | 1,750 | 11 | 50 | 7 |
| 49 2013 retires on 2007 additions | (184) | 5.00% | 0.000 | 0 | 3.29% | 5,000 | (30) | 2.77% | 1,750 | (9) | (39) | (5) |
| 50 2013 additions | 236 | 5.00% | 0.000 | 0 | 3.29% | 5,000 | 39 | 2.77% | 1,750 | 11 | 50 | 7 |
| 51 2014 additions | 6,370 | 5.00% | 0.000 | 0 | 3.29% | 4,000 | 838 | 2.77% | 1,750 | 309 | 1,147 | 176 |
| 52 2014 retires on 2007 additions | (4,449) | 5.00% | 0.000 | 0 | 3.29% | 4,000 | (585) | 2.77% | 1,750 | (216) | (801) | (123) |
| 53 2015 additions | 1,020 | 5.00% | 0.000 | 0 | 3.29% | 3,000 | 101 | 2.77% | 1,750 | 49 | 150 | 28 |
| 54 2015 retire correction on 2007 additions | 2,194 | 5.00% | 0.000 | 0 | 3.29% | 3,000 | 217 | 2.77% | 1,750 | 106 | 323 | 61 |
| 55 2016 additions | 4,249 | 5.00% | 0.000 | 0 | 3.29% | 2,000 | 280 | 2.77% | 1,750 | 206 | 486 | 118 |
| 56 2016 retires on 2007 additions | (713) | 5.00% | 0.000 | 0 | 3.29% | 2,000 | (47) | 2.77% | 1,750 | (35) | (82) | (20) |
| 57 2017 additions | 3,802 | 5.00% | 0.000 | 0 | 3.29% | 1,000 | 125 | 2.77% | 1,750 | 184 | 309 | 105 |
| 58 2017 retires on 2007 additions | (2,226) | 5.00% | 0.000 | 0 | 3.29% | 1,000 | (73) | 2.77% | 1,750 | (108) | (181) | (62) |
| 59 2018 additions | 4,151 [2] | 5.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 1,750 | 201 | 201 | 115 |
| 60 2018 retirements | (211) [2] | 5.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 1,750 | (10) | (10) | (6) |
| 61 2019 additions | 120,755 [2] | 5.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.750 | 2,509 | 2,509 | 3,345 |
| 62 2019 retirements | (45,602) [2] | 5.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.750 | (947) | (947) | (1,263) |
| 63 2020 additions | 395 [2] | 5.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.125 | 1 | 1 | 11 |
| 64 Total plant (Sum of L41 thru L63) | 1,534,238 | | | 304,334 | | | 321,535 | | | 72,272 | 698,141 | 42,498 |
| 65 CIAC received in 2007 | (1,121,089) | 5.00% | 4,250 | (238,231) | 2.80% | 6,750 | (211,886) | 2.77% | 1,750 | (54,345) | (504,462) | (31,054) |
| 66 2009 CIAC | 4,800 | 5.00% | 2,250 | 540 | 2.80% | 6,750 | 907 | 2.77% | 1,750 | 233 | 1,680 | 133 |
| 67 Net Plant (Sum of L64 thru L66) | \$417,949 | | | \$66,643 | | | \$110,556 | | | \$18,160 | \$195,359 | \$11,577 |
| Westfall Subdivision | | | | | | | | | | | | |
| 68 2013 additions | \$1,208,907 | 0.00% | 0.000 | \$0 | 3.29% | 5,000 | \$ 198,865 | 2.77% | 1,750 | \$58,602 | \$257,467 | \$33,487 |
| 69 2014 additions | 2,365 | 0.00% | 0.000 | 0 | 3.29% | 4,000 | 311 | 2.77% | 1,750 | 115 | 426 | 66 |
| 70 2014 retirements | (2,124) | 0.00% | 0.000 | 0 | 3.29% | 4,000 | (280) | 2.77% | 1,750 | (103) | (383) | (59) |
| 71 2015 additions | 797 | 0.00% | 0.000 | 0 | 3.29% | 3,000 | 79 | 2.77% | 1,750 | 39 | 118 | 22 |
| 72 2015 retirements | (620) | 0.00% | 0.000 | 0 | 3.29% | 3,000 | (61) | 2.77% | 1,750 | (30) | (91) | (17) |
| 73 2016 additions | 2,428 | 0.00% | 0.000 | 0 | 3.29% | 2,000 | 160 | 2.77% | 1,750 | 118 | 278 | 67 |
| 74 2016 retirements | (561) | 0.00% | 0.000 | 0 | 3.29% | 2,000 | (37) | 2.77% | 1,750 | (27) | (64) | (16) |
| 75 2017 additions | 8,500 | 0.00% | 0.000 | 0 | 3.29% | 1,000 | 280 | 2.77% | 1,750 | 412 | 692 | 235 |
| 76 2017 retirements | (2,409) | 0.00% | 0.000 | 0 | 3.29% | 1,000 | (79) | 2.77% | 1,750 | (117) | (196) | (67) |
| 77 2018 additions | 1,493 [2] | 0.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 1,750 | 72 | 72 | 41 |
| 78 2019 additions | 44,626 [2] | 0.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.750 | 927 | 927 | 1,236 |
| 79 2019 retirements | (22,600) [2] | 0.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.750 | (470) | (470) | (626) |
| 80 2020 additions | 26,730 [2] | 0.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.125 | 93 | 93 | 740 |
| 81 2020 retirements | (21,532) [2] | 0.00% | 0.000 | 0 | 0.00% | 0.000 | 0 | 2.77% | 0.125 | (75) | (75) | (596) |
| 82 Total plant (Sum of L81 thru L83) | 1,246,000 | | | 0 | | | 199,238 | | | 59,556 | 258,794 | 34,513 |
| 83 2013 CIAC additions | (401,669) | 0.00% | 0.000 | 0 | 2.80% | 5,000 | (56,234) | 2.77% | 1,750 | (19,471) | (75,705) | (11,126) |
| 84 Net Plant (L82 + L83)) | \$844,331 | | | \$0 | | | \$143,004 | | | \$40,085 | \$183,089 | \$23,387 |

[1] Amount included in prior rate case proceeding, Sub 497.

[2] Provided by the Company in response to Public Staff data request.

[3] Depreciation rates from Docket No. W-218, Sub 274.

[4] Column (a) multiplied by Column (b) multiplied by Column (c).

[5] Depreciation rates from Docket No. W-218, Sub 319.

[6] Column (a) multiplied by Column (e) multiplied by Column (f).

[7] Depreciation rates from Docket No. W-218, Sub 497.

[8] Years in service from July 2018 thru March 2020.

[9] Column (a) multiplied by Column (h) multiplied by Column (i).

[10] Column (d) plus Column (g) plus Column (j).

[11] Column (a) multiplied by Column (h).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO WORKING CAPITAL
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 2-7
Revised

| Line No. | Item | Aqua Water (a) | Aqua Sewer (b) | Fairways Water (c) | Fairways Sewer (d) | Brookwood Water (e) |
|-------------------------------------|--|-------------------------|------------------------|-----------------------|-----------------------|------------------------|
| 1 | Total O&M expenses excluding purchased water and sewer treatment | <u>\$18,199,605 [1]</u> | <u>\$8,202,038 [1]</u> | <u>\$780,288 [1]</u> | <u>\$915,037 [1]</u> | <u>\$2,961,452 [1]</u> |
| 2 | Cash working capital (L1 / 8) | <u>2,274,951</u> | <u>1,025,255</u> | <u>97,536</u> | <u>114,380</u> | <u>370,182</u> |
| <u>Prepayments:</u> | | | | | | |
| 3 | Unamortized tank painting | 883,382 [2] | 0 | 26,911 [2] | 0 | 245,734 [2] |
| 4 | Unamortized rate case expense | 173,674 | 45,858 | 13,254 | 8,445 | 38,392 |
| 5 | Unamortized depreciation study | 23,678 [2] | 5,929 [2] | 1,694 [2] | 1,078 [2] | 5,313 [2] |
| 6 | Unamortized repair tax credit | 64,711 [2] | 20,701 [2] | 1,630 [2] | 1,793 [2] | 10,269 [2] |
| 7 | Unamortized JoCo transmission charge | 0 | 0 | 0 | 0 | 0 |
| 8 | JoCo transmission revenue deficit | 0 | 0 | 0 | 0 | 0 |
| 9 | Deferred accounting PTY additions | 0 | 0 | 0 | 0 | 0 |
| 10 | Total prepayments (Sum of L3 thru L9) | <u>1,145,445</u> | <u>72,488</u> | <u>43,489</u> | <u>11,316</u> | <u>299,708</u> |
| <u>Average tax accruals:</u> | | | | | | |
| 11 | Unemployment tax | (2,345) [3] | (974) [3] | (68) [3] | (72) [3] | (209) [3] |
| 12 | Regulatory fee | (9,675) [4] | (4,066) [4] | (320) [4] | (568) [4] | (1,573) [4] |
| 13 | Property tax | (267,113) [5] | (8,819) [5] | (15,342) [5] | (1,161) [5] | (46,580) [5] |
| 14 | Total tax accruals (Sum of L11 thru L13) | <u>(279,133)</u> | <u>(13,859)</u> | <u>(15,730)</u> | <u>(1,801)</u> | <u>(48,362)</u> |
| 15 | Working capital per Public Staff (L2 + L10 + L14) | 3,141,263 | 1,083,884 | 125,295 | 123,895 | 621,528 |
| 16 | Amount per application | <u>3,669,309</u> | <u>2,115,841</u> | <u>145,835</u> | <u>157,546</u> | <u>625,613</u> |
| 17 | Adjustment to working capital (L15 - L16) | <u>(\$528,046)</u> | <u>(\$1,031,957)</u> | <u>(\$20,540)</u> | <u>(\$33,651)</u> | <u>(\$4,085)</u> |

[1] Amounts per Public Staff under present rates from Column (c) of Net Operating Income for Return schedule.

[2] Based on review of information provided by Company, updated through September 2020.

[3] Calculated by Public Staff based on adjusted level of salaries and unemployment tax rates.

[4] Amount of regulatory fees under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.

[5] Amount of property taxes under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended September 30, 2019
COMBINED OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3
Revised

| Line No. | Item | Present Rates | | | Company Proposed Rates | | Public Staff Recommended Rates | |
|----------|---|------------------------|--------------------------|-------------------------|------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | Amount Per Application | Public Staff Adjustments | Amount Per Public Staff | Net Company Increase | Operations After Rate Increase | Net Public Staff Increase | Operations After Rate Increase |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 1 | Operating Revenues: | | | | | | | |
| 2 | Service revenues | \$60,885,183 | \$387,508 | \$61,272,691 | \$6,781,468 | \$68,054,159 | \$3,251,204 | \$64,523,895 |
| 3 | Late payment fees | 104,895 | 688 | 105,583 | 12,488 | 118,071 | 6,239 | 111,822 |
| 4 | Miscellaneous revenues | 1,270,926 | 0 | 1,270,926 | 0 | 1,270,926 | 0 | 1,270,926 |
| 5 | Uncollectibles | (333,820) | (2,894) | (336,714) | (45,488) | (382,202) | (24,489) | (361,203) |
| | Total operating revenues | <u>61,927,184</u> | <u>385,302</u> | <u>62,312,486</u> | <u>6,748,468</u> | <u>69,060,954</u> | <u>3,232,954</u> | <u>65,545,440</u> |
| 6 | Operating Revenue Deductions: | | | | | | | |
| 7 | Salaries and wages | 11,588,127 | (798,959) | 10,789,168 | 0 | 10,789,168 | 0 | 10,789,168 |
| 8 | Employee pensions and benefits | 4,019,627 | (858,126) | 3,161,501 | 0 | 3,161,501 | 0 | 3,161,501 |
| 9 | Purchased water / sewer treatment | 2,677,231 | (49,499) | 2,627,732 | 0 | 2,627,732 | 0 | 2,627,732 |
| 10 | Sludge removal | 775,214 | (14,980) | 760,234 | 0 | 760,234 | 0 | 760,234 |
| 11 | Purchased power | 3,752,176 | 126,316 | 3,878,492 | 0 | 3,878,492 | 0 | 3,878,492 |
| 12 | Fuel for power production | 27,308 | (8,814) | 18,494 | 0 | 18,494 | 0 | 18,494 |
| 13 | Chemicals | 1,330,863 | 0 | 1,330,863 | 0 | 1,330,863 | 0 | 1,330,863 |
| 14 | Materials and supplies | 495,240 | 40,674 | 535,914 | 0 | 535,914 | 0 | 535,914 |
| 15 | Testing fees | 1,075,298 | (12,874) | 1,062,424 | 0 | 1,062,424 | 0 | 1,062,424 |
| 16 | Transportation | 1,308,389 | 0 | 1,308,389 | 0 | 1,308,389 | 0 | 1,308,389 |
| 17 | Contractual services - engineering | 22,867 | 0 | 22,867 | 0 | 22,867 | 0 | 22,867 |
| 18 | Contractual services - accounting | 218,996 | 0 | 218,996 | 0 | 218,996 | 0 | 218,996 |
| 19 | Contractual services - legal | 374,118 | (1,601) | 372,517 | 0 | 372,517 | 0 | 372,517 |
| 20 | Contractual services - management fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | Contractual services - other | 4,684,830 | (38,601) | 4,646,229 | 0 | 4,646,229 | 0 | 4,646,229 |
| 22 | Rent | 295,836 | 0 | 295,836 | 0 | 295,836 | 0 | 295,836 |
| 23 | Insurance | 826,136 | (102,934) | 723,202 | 0 | 723,202 | 0 | 723,202 |
| 24 | Advertising | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 | Regulatory commission expense | 534,014 | (257,453) | 276,561 | 0 | 276,561 | 0 | 276,561 |
| 26 | Miscellaneous expense | 1,857,635 | (55,874) | 1,801,761 | 0 | 1,801,761 | 0 | 1,801,761 |
| 27 | Interest on customer deposits | 30,734 | 0 | 30,734 | 0 | 30,734 | 0 | 30,734 |
| 28 | Animalization & consumption adjustments | 84,785 | 14,132 | 98,917 | 0 | 98,917 | 0 | 98,917 |
| 29 | Contra-OH Allocations | (1,513,839) | 1,239,160 | (274,679) | 0 | (274,679) | 0 | (274,679) |
| 30 | Total O&M and G&A expense | 34,465,585 | (779,433) | 33,686,152 | 0 | 33,686,152 | 0 | 33,686,152 |
| 31 | Depreciation and amortization expense | 11,242,084 | (508,358) | 10,733,726 | 0 | 10,733,726 | 0 | 10,733,726 |
| 32 | Property taxes | 678,027 | 0 | 678,027 | 0 | 678,027 | 0 | 678,027 |
| 33 | Payroll taxes | 961,840 | (189,282) | 772,558 | 0 | 772,558 | 0 | 772,558 |
| 34 | Other taxes | 288,922 | 0 | 288,922 | 0 | 288,922 | 0 | 288,922 |
| 35 | Benefit costs - Pension | (1,251) | 0 | (1,251) | 0 | (1,251) | 0 | (1,251) |
| 36 | Regulatory fee | 80,506 | 501 | 81,007 | 8,773 | 89,780 | 4,201 | 85,208 |
| 37 | Deferred income tax | 0 | (121,271) | (121,271) | 0 | (121,271) | 0 | (121,271) |
| 38 | State income tax | 224,337 | 52,717 | 277,054 | 168,491 | 445,545 | 80,719 | 357,773 |
| 39 | Federal income tax | 1,836,839 | 432,230 | 2,269,069 | 1,379,953 | 3,649,022 | 661,088 | 2,930,157 |
| 40 | Total operating revenue deductions | <u>49,776,889</u> | <u>(1,112,896)</u> | <u>48,663,993</u> | <u>1,557,217</u> | <u>50,221,210</u> | <u>746,008</u> | <u>49,410,001</u> |
| | Net operating income for return | <u>\$12,150,295</u> | <u>\$1,498,198</u> | <u>\$13,648,493</u> | <u>\$5,191,251</u> | <u>\$18,839,744</u> | <u>\$2,486,946</u> | <u>\$16,135,439</u> |

[1] Sum of Henry Exhibit I, Schedules 3(a) through 3(e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended September 30, 2019
AQUA WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3(a)
Page 1 of 2
Revised

| | | Present Rates | | | Company Proposed Rates | | | Public Staff Recommended Rates | | |
|----------|---|---------------|---------------|-------------------|------------------------|-------------------|--------------|--------------------------------|--|--|
| Line No. | Item | Amount | Public | Amount | Net | Operations | Net | Operations | | |
| | | Per | Staff | Per | Company | After Rate | Public Staff | After Rate | | |
| | | Application | Adjustments | Public Staff | Increase | Increase | Increase | Increase | | |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | |
| | Operating Revenues: | | | | | | | | | |
| 1 | Service revenues | \$36,203,519 | \$355,983 | \$36,559,502 [11] | \$4,015,088 | \$40,574,590 [11] | \$1,866,160 | \$38,425,662 [25] | | |
| 2 | Late payment fees | 62,257 | 611 | 62,868 [12] | 6,904 | 69,772 [12] | 3,209 | 66,077 [12] | | |
| 3 | Miscellaneous revenues | 759,977 | 0 | 759,977 | 0 | 759,977 | 0 | 759,977 | | |
| 4 | Uncollectibles | (170,580) | (1,974) | (172,554) [13] | (18,950) | (191,504) [13] | (8,808) | (181,362) [13] | | |
| 5 | Total operating revenues | 36,855,173 | 354,620 | 37,209,793 | 4,003,042 | 41,212,835 | 1,860,561 | 39,070,354 | | |
| | Operating Revenue Deductions: | | | | | | | | | |
| 6 | Salaries and wages | 7,594,193 | (564,826) [2] | 7,029,367 | 0 | 7,029,367 | 0 | 7,029,367 | | |
| 7 | Employee pensions and benefits | 2,659,692 | (617,713) [2] | 2,041,979 | 0 | 2,041,979 | 0 | 2,041,979 | | |
| 8 | Purchased water | 1,850,078 | (62,367) [3] | 1,787,711 | 0 | 1,787,711 | 0 | 1,787,711 | | |
| 9 | Purchased power | 2,265,224 | 103,762 [4] | 2,368,986 | 0 | 2,368,986 | 0 | 2,368,986 | | |
| 10 | Fuel for power production | 1,169 | (2,740) [4] | (1,571) | 0 | (1,571) | 0 | (1,571) | | |
| 11 | Chemicals | 460,830 | 0 | 460,830 | 0 | 460,830 | 0 | 460,830 | | |
| 12 | Materials and supplies | 361,116 | 17,405 [5] | 378,521 | 0 | 378,521 | 0 | 378,521 | | |
| 13 | Testing fees | 681,418 | 0 | 681,418 | 0 | 681,418 | 0 | 681,418 | | |
| 14 | Transportation | 885,052 | 0 | 885,052 | 0 | 885,052 | 0 | 885,052 | | |
| 15 | Contractual services - engineering | 9,986 | 0 | 9,986 | 0 | 9,986 | 0 | 9,986 | | |
| 16 | Contractual services - accounting | 135,888 | 0 | 135,888 | 0 | 135,888 | 0 | 135,888 | | |
| 17 | Contractual services - legal | 229,662 | (994) [6] | 228,668 | 0 | 228,668 | 0 | 228,668 | | |
| 18 | Contractual services - management fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 19 | Contractual services - other | 2,199,753 | (10,697) [7] | 2,189,056 | 0 | 2,189,056 | 0 | 2,189,056 | | |
| 20 | Rent | 209,235 | 0 | 209,235 | 0 | 209,235 | 0 | 209,235 | | |
| 21 | Insurance | 526,560 | (84,422) [2] | 442,138 | 0 | 442,138 | 0 | 442,138 | | |
| 22 | Advertising | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 23 | Regulatory commission expense | 333,395 | (161,623) | 171,772 [14] | 0 | 171,772 | 0 | 171,772 | | |
| 24 | Miscellaneous expense | 1,122,849 | (35,865) [2] | 1,086,984 | 0 | 1,086,984 | 0 | 1,086,984 | | |
| 25 | Interest on customer deposits | 23,936 | 0 | 23,936 | 0 | 23,936 | 0 | 23,936 | | |
| 26 | Animalization & consumption adjustments | 31,538 | 26,731 | 58,269 [15] | 0 | 58,269 | 0 | 58,269 | | |
| 27 | Contra-OH Allocations | (1,107,115) | 906,206 [2] | (200,909) | 0 | (200,909) | 0 | (200,909) | | |
| 28 | Total O&M and G&A expense | 20,474,459 | (487,143) | 19,987,316 | 0 | 19,987,316 | 0 | 19,987,316 | | |
| 29 | Depreciation and amortization expense | 7,000,969 | (230,711) [9] | 6,770,258 | 0 | 6,770,258 | 0 | 6,770,258 | | |
| 30 | Property taxes | 534,225 | 0 | 534,225 | 0 | 534,225 | 0 | 534,225 | | |
| 31 | Payroll taxes | 639,089 | (145,104) [2] | 493,985 | 0 | 493,985 | 0 | 493,985 | | |
| 32 | Other taxes | 179,292 | 0 | 179,292 | 0 | 179,292 | 0 | 179,292 | | |
| 33 | Benefit costs - Pension | (504) | 0 | (504) | 0 | (504) | 0 | (504) | | |
| 34 | Regulatory fee | 47,912 | 461 | 48,373 [16] | 5,204 | 53,577 [16] | 2,418 | 50,791 [16] | | |
| 35 | Deferred income tax | 0 | (75,322) [9] | (75,322) | 0 | (75,322) | 0 | (75,322) | | |
| 36 | State income tax | 119,378 | 39,029 | 158,407 [17] | 99,945 | 258,352 [21] | 46,453 | 204,860 [26] | | |
| 37 | Federal income tax | 977,708 | 319,641 | 1,297,349 [18] | 818,558 | 2,115,907 [22] | 380,455 | 1,677,804 [27] | | |
| 38 | Total operating revenue deductions | 29,972,528 | (579,150) | 29,393,378 | 923,707 | 30,317,085 | 429,326 | 29,822,704 | | |
| 39 | Net operating income for return | \$6,882,645 | \$933,770 | \$7,816,415 | \$3,079,335 | \$10,895,750 | \$1,431,235 | \$9,247,650 | | |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended September 30, 2019
AQUA SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3(b)
Page 1 of 2
Revised

| | | Present Rates | | | Company Proposed Rates | | | Public Staff Recommended Rates | | |
|----------|---|-----------------|-----------------------|-----------------------|------------------------|--------------------------|----------------------------|--------------------------------|--|--|
| Line No. | Item | Amount | Public | Amount | Net | Operations | Net | Operations | | |
| | | Per Application | Staff Adjustments [1] | Per Public Staff [10] | Company Increase [19] | After Rate Increase [20] | Public Staff Increase [23] | After Rate Increase [24] | | |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | |
| | Operating Revenues: | | | | | | | | | |
| 1 | Service revenues | \$15,595,198 | \$12,443 | \$15,607,641 [11] | \$1,544,438 | \$17,152,079 [11] | \$786,623 | \$16,394,264 [25] | | |
| 2 | Late payment fees | 18,799 | 14 | 18,813 [12] | 1,862 | 20,675 [12] | 949 | 19,762 [12] | | |
| 3 | Miscellaneous revenues | 32,029 | 0 | 32,029 | 0 | 32,029 | 0 | 32,029 | | |
| 4 | Uncollectibles | (19,292) | (39) | (19,331) [13] | (1,913) | (21,244) [13] | (975) | (20,306) [13] | | |
| 5 | Total operating revenues | 15,626,734 | 12,418 | 15,639,152 | 1,544,387 | 17,183,539 | 786,597 | 16,425,749 | | |
| | Operating Revenue Deductions: | | | | | | | | | |
| 6 | Salaries and wages | 2,556,286 | (131,767) [2] | 2,424,519 | 0 | 2,424,519 | 0 | 2,424,519 | | |
| 7 | Employee pensions and benefits | 863,123 | (166,668) [2] | 696,455 | 0 | 696,455 | 0 | 696,455 | | |
| 8 | Purchased sewer treatment | 557,499 | 12,868 | 570,367 | 0 | 570,367 | 0 | 570,367 | | |
| 9 | Sludge removal | 604,775 | (14,536) [3] | 590,239 | 0 | 590,239 | 0 | 590,239 | | |
| 10 | Purchased power | 1,036,188 | 18,741 [4] | 1,054,929 | 0 | 1,054,929 | 0 | 1,054,929 | | |
| 11 | Fuel for power production | 26,392 | (7,074) [4] | 19,318 | 0 | 19,318 | 0 | 19,318 | | |
| 12 | Chemicals | 520,589 | 0 | 520,589 | 0 | 520,589 | 0 | 520,589 | | |
| 13 | Materials and supplies | 87,670 | 11,191 [5] | 98,861 | 0 | 98,861 | 0 | 98,861 | | |
| 14 | Testing fees | 293,263 | (11,869) [3] | 281,394 | 0 | 281,394 | 0 | 281,394 | | |
| 15 | Transportation | 301,127 | 0 | 301,127 | 0 | 301,127 | 0 | 301,127 | | |
| 16 | Contractual services - engineering | 11,385 | 0 | 11,385 | 0 | 11,385 | 0 | 11,385 | | |
| 17 | Contractual services - accounting | 35,728 | 0 | 35,728 | 0 | 35,728 | 0 | 35,728 | | |
| 18 | Contractual services - legal | 64,344 | (263) [6] | 64,081 | 0 | 64,081 | 0 | 64,081 | | |
| 19 | Contractual services - management fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 20 | Contractual services - other | 1,460,138 | (29,781) [7] | 1,430,357 | 0 | 1,430,357 | 0 | 1,430,357 | | |
| 21 | Rent | 42,751 | 0 | 42,751 | 0 | 42,751 | 0 | 42,751 | | |
| 22 | Insurance | 151,448 | 25,773 [2] | 177,221 | 0 | 177,221 | 0 | 177,221 | | |
| 23 | Advertising | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 24 | Regulatory commission expense | 86,080 | (40,724) | 45,356 [14] | 0 | 45,356 | 0 | 45,356 | | |
| 25 | Miscellaneous expense | 422,149 | (14,384) [2] | 407,765 | 0 | 407,765 | 0 | 407,765 | | |
| 26 | Interest on customer deposits | 683 | 0 | 683 | 0 | 683 | 0 | 683 | | |
| 27 | Animalization & consumption adjustments | 55,950 | (6,146) | 49,804 [15] | 0 | 49,804 | 0 | 49,804 | | |
| 28 | Contra-OH Allocations | (279,899) | 229,375 [2] | (50,524) | 0 | (50,524) | 0 | (50,524) | | |
| 29 | Total O&M and G&A expense | 8,897,669 | (125,264) | 8,772,405 | 0 | 8,772,405 | 0 | 8,772,405 | | |
| 30 | Depreciation and amortization expense | 2,588,086 | (153,983) [8] | 2,434,103 | 0 | 2,434,103 | 0 | 2,434,103 | | |
| 31 | Property taxes | 17,637 | 0 | 17,637 | 0 | 17,637 | 0 | 17,637 | | |
| 32 | Payroll taxes | 210,118 | (5,034) [2] | 205,084 | 0 | 205,084 | 0 | 205,084 | | |
| 33 | Other taxes | 47,134 | 0 | 47,134 | 0 | 47,134 | 0 | 47,134 | | |
| 34 | Benefit costs - Pension | (474) | 0 | (474) | 0 | (474) | 0 | (474) | | |
| 35 | Regulatory fee | 20,315 | 16 | 20,331 [16] | 2,008 | 22,339 [16] | 1,022 | 21,353 [16] | | |
| 36 | Deferred income tax | 0 | (19,888) [9] | (19,888) | 0 | (19,888) | 0 | (19,888) | | |
| 37 | State income tax | 60,217 | 11,588 | 71,805 [17] | 38,559 | 110,364 [21] | 19,639 | 91,444 [26] | | |
| 38 | Federal income tax | 493,174 | 94,907 | 588,081 [18] | 315,802 | 903,883 [22] | 160,847 | 748,928 [27] | | |
| 39 | Total operating revenue deductions | 12,333,876 | (197,657) | 12,136,219 | 356,369 | 12,492,588 | 181,508 | 12,317,727 | | |
| 40 | Net operating income for return | \$3,292,858 | \$210,075 | \$3,502,933 | \$1,188,018 | \$4,690,951 | \$605,089 | \$4,108,022 | | |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended September 30, 2019
FAIRWAYS WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3(c)
Page 1 of 2
Revised

| | | Present Rates | | | Company Proposed Rates | | | Public Staff Recommended Rates | | |
|----------|---|---------------|-----------------|------------------|------------------------|------------------|---------------|--------------------------------|--|--|
| Line No. | Item | Amount | Public | Amount | Net | Operations | Net | Operations | | |
| | | Per | Staff | Per | Company | After | Public Staff | After | | |
| | | Application | Adjustments [1] | Public Staff [9] | Increase [18] | Increase [19] | Increase [22] | Increase [23] | | |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | |
| | Operating Revenues: | | | | | | | | | |
| 1 | Service revenues | \$1,126,012 | \$12,747 | \$1,138,759 [10] | \$113,995 | \$1,252,754 [10] | \$11,748 | \$1,150,507 [24] | | |
| 2 | Late payment fees | 1,603 | 18 | 1,621 [11] | 162 | 1,783 [11] | 17 | 1,638 [11] | | |
| 3 | Miscellaneous revenues | 91,092 | 0 | 91,092 | 0 | 91,092 | 0 | 91,092 | | |
| 4 | Uncollectibles | (2,511) | (33) | (2,544) [12] | (254) | (2,798) [12] | (26) | (2,570) [12] | | |
| 5 | Total operating revenues | 1,216,196 | 12,732 | 1,228,928 | 113,903 | 1,342,831 | 11,739 | 1,240,667 | | |
| | Operating Revenue Deductions: | | | | | | | | | |
| 6 | Salaries and wages | 287,090 | (19,414) [2] | 267,676 | 0 | 267,676 | 0 | 267,676 | | |
| 7 | Employee pensions and benefits | 94,306 | (9,191) [2] | 85,115 | 0 | 85,115 | 0 | 85,115 | | |
| 8 | Purchased water | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 9 | Purchased power | 76,521 | (933) [3] | 75,588 | 0 | 75,588 | 0 | 75,588 | | |
| 10 | Fuel for power production | (780) | 571 [3] | (209) | 0 | (209) | 0 | (209) | | |
| 11 | Chemicals | 24,115 | 0 | 24,115 | 0 | 24,115 | 0 | 24,115 | | |
| 12 | Materials and supplies | 11,049 | (1,239) [4] | 9,810 | 0 | 9,810 | 0 | 9,810 | | |
| 13 | Testing fees | 19,827 | 0 | 19,827 | 0 | 19,827 | 0 | 19,827 | | |
| 14 | Transportation | 21,442 | 0 | 21,442 | 0 | 21,442 | 0 | 21,442 | | |
| 15 | Contractual services - engineering | 323 | 0 | 323 | 0 | 323 | 0 | 323 | | |
| 16 | Contractual services - accounting | 10,230 | 0 | 10,230 | 0 | 10,230 | 0 | 10,230 | | |
| 17 | Contractual services - legal | 17,290 | (76) [5] | 17,214 | 0 | 17,214 | 0 | 17,214 | | |
| 18 | Contractual services - management fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 19 | Contractual services - other | 154,516 | (3,167) [6] | 151,349 | 0 | 151,349 | 0 | 151,349 | | |
| 20 | Rent | 14,202 | 0 | 14,202 | 0 | 14,202 | 0 | 14,202 | | |
| 21 | Insurance | 31,065 | (14,436) [2] | 16,629 | 0 | 16,629 | 0 | 16,629 | | |
| 22 | Advertising | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 23 | Regulatory commission expense | 24,722 | (11,613) | 13,109 [13] | 0 | 13,109 | 0 | 13,109 | | |
| 24 | Miscellaneous expense | 63,048 | (1,365) [2] | 61,683 | 0 | 61,683 | 0 | 61,683 | | |
| 25 | Interest on customer deposits | 558 | 0 | 558 | 0 | 558 | 0 | 558 | | |
| 26 | Animalization & consumption adjustments | (7,547) | 1,713 | (5,834) [14] | 0 | (5,834) | 0 | (5,834) | | |
| 27 | Contra-OH Allocations | (14,189) | 11,650 [2] | (2,539) | 0 | (2,539) | 0 | (2,539) | | |
| 28 | Total O&M and G&A expense | 827,788 | (47,500) | 780,288 | 0 | 780,288 | 0 | 780,288 | | |
| 29 | Depreciation and amortization expense | 135,547 | (2,072) [7] | 133,475 | 0 | 133,475 | 0 | 133,475 | | |
| 30 | Property taxes | 30,683 | 0 | 30,683 | 0 | 30,683 | 0 | 30,683 | | |
| 31 | Payroll taxes | 25,014 | (10,714) [2] | 14,300 | 0 | 14,300 | 0 | 14,300 | | |
| 32 | Other taxes | 13,481 | 0 | 13,481 | 0 | 13,481 | 0 | 13,481 | | |
| 33 | Benefit costs - Pension | (147) | 0 | (147) | 0 | (147) | 0 | (147) | | |
| 34 | Regulatory fee | 1,581 | 17 | 1,598 [15] | 148 | 1,746 [15] | 15 | 1,613 [15] | | |
| 35 | Deferred income tax | 0 | (5,748) [8] | (5,748) | 0 | (5,748) | 0 | (5,748) | | |
| 36 | State income tax | 11,546 | (6,925) | 4,621 [16] | 2,844 | 7,465 [20] | 294 | 4,915 [25] | | |
| 37 | Federal income tax | 94,077 | (56,227) | 37,850 [17] | 23,291 | 61,141 [21] | 2,400 | 40,250 [26] | | |
| 38 | Total operating revenue deductions | 1,139,570 | (129,169) | 1,010,401 | 26,283 | 1,036,684 | 2,709 | 1,013,110 | | |
| 39 | Net operating income for return | \$76,626 | \$141,901 | \$218,527 | \$87,620 | \$306,147 | \$9,030 | \$227,557 | | |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended September 30, 2019
FAIRWAYS SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3(d)
Page 1 of 2
Revised

| | | Present Rates | | | Company Proposed Rates | | | Public Staff Recommended Rates | | |
|----------|---|---------------|-------------|--------------|------------------------|-------------|--------------|--------------------------------|--|--|
| Line No. | Item | Amount | Public | Amount | Net | Operations | Net | Operations | | |
| | | Per | Staff | Per | Company | After Rate | Public Staff | After Rate | | |
| | | Application | Adjustments | Public Staff | Increase | Increase | Increase | Increase | | |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | |
| | Operating Revenues: | | | | | | | | | |
| 1 | Service revenues | \$2,201,038 | (\$11,449) | \$2,189,589 | \$81,898 | \$2,271,487 | (\$42,869) | \$2,146,720 | | |
| 2 | Late payment fees | 2,848 | (15) | 2,833 | 106 | 2,939 | (56) | 2,777 | | |
| 3 | Miscellaneous revenues | 40 | 0 | 40 | 0 | 40 | 0 | 40 | | |
| 4 | Uncollectibles | (6,438) | 25 | (6,413) | (239) | (6,652) | 126 | (6,287) | | |
| 5 | Total operating revenues | 2,197,488 | (11,439) | 2,186,049 | 81,765 | 2,267,814 | (42,799) | 2,143,250 | | |
| | Operating Revenue Deductions: | | | | | | | | | |
| 6 | Salaries and wages | 250,681 | (15,100) | 235,581 | 0 | 235,581 | 0 | 235,581 | | |
| 7 | Employee pensions and benefits | 84,255 | (10,248) | 74,007 | 0 | 74,007 | 0 | 74,007 | | |
| 8 | Purchased sewer treatment | 5,320 | 0 | 5,320 | 0 | 5,320 | 0 | 5,320 | | |
| 9 | Sludge removal | 170,439 | (444) | 169,995 | 0 | 169,995 | 0 | 169,995 | | |
| 10 | Purchased power | 112,298 | (4,309) | 107,989 | 0 | 107,989 | 0 | 107,989 | | |
| 11 | Fuel for power production | (374) | 1,943 | 1,569 | 0 | 1,569 | 0 | 1,569 | | |
| 12 | Chemicals | 28,526 | 0 | 28,526 | 0 | 28,526 | 0 | 28,526 | | |
| 13 | Materials and supplies | 12,396 | 2,107 | 14,503 | 0 | 14,503 | 0 | 14,503 | | |
| 14 | Testing fees | 14,853 | (1,005) | 13,848 | 0 | 13,848 | 0 | 13,848 | | |
| 15 | Transportation | 23,554 | 0 | 23,554 | 0 | 23,554 | 0 | 23,554 | | |
| 16 | Contractual services - engineering | 207 | 0 | 207 | 0 | 207 | 0 | 207 | | |
| 17 | Contractual services - accounting | 6,544 | 0 | 6,544 | 0 | 6,544 | 0 | 6,544 | | |
| 18 | Contractual services - legal | 11,068 | (48) | 11,020 | 0 | 11,020 | 0 | 11,020 | | |
| 19 | Contractual services - management fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 20 | Contractual services - other | 148,209 | (352) | 147,857 | 0 | 147,857 | 0 | 147,857 | | |
| 21 | Rent | 8,916 | 0 | 8,916 | 0 | 8,916 | 0 | 8,916 | | |
| 22 | Insurance | 21,827 | 42 | 21,869 | 0 | 21,869 | 0 | 21,869 | | |
| 23 | Advertising | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 24 | Regulatory commission expense | 15,732 | (7,380) | 8,352 | 0 | 8,352 | 0 | 8,352 | | |
| 25 | Miscellaneous expense | 54,868 | (1,048) | 53,820 | 0 | 53,820 | 0 | 53,820 | | |
| 26 | Interest on customer deposits | 8 | 0 | 8 | 0 | 8 | 0 | 8 | | |
| 27 | Animalization & consumption adjustments | 3,543 | (13,864) | (10,321) | 0 | (10,321) | 0 | (10,321) | | |
| 28 | Contra-OH Allocations | (15,643) | 12,836 | (2,807) | 0 | (2,807) | 0 | (2,807) | | |
| 29 | Total O&M and G&A expense | 957,227 | (36,870) | 920,357 | 0 | 920,357 | 0 | 920,357 | | |
| 30 | Depreciation and amortization expense | 356,348 | (13,824) | 342,524 | 0 | 342,524 | 0 | 342,524 | | |
| 31 | Property taxes | 2,322 | 0 | 2,322 | 0 | 2,322 | 0 | 2,322 | | |
| 32 | Payroll taxes | 18,895 | (3,712) | 15,183 | 0 | 15,183 | 0 | 15,183 | | |
| 33 | Other taxes | 8,619 | 0 | 8,619 | 0 | 8,619 | 0 | 8,619 | | |
| 34 | Benefit costs - Pension | (137) | 0 | (137) | 0 | (137) | 0 | (137) | | |
| 35 | Regulatory fee | 2,857 | (15) | 2,842 | 106 | 2,948 | (56) | 2,786 | | |
| 36 | Deferred income tax | 0 | (3,662) | (3,662) | 0 | (3,662) | 0 | (3,662) | | |
| 37 | State income tax | 15,067 | 1,800 | 16,867 | 2,042 | 18,909 | (1,068) | 15,799 | | |
| 38 | Federal income tax | 123,400 | 14,743 | 138,143 | 16,720 | 154,863 | (8,751) | 129,392 | | |
| 39 | Total operating revenue deductions | 1,484,598 | (41,540) | 1,443,058 | 18,868 | 1,461,926 | (9,875) | 1,433,183 | | |
| 40 | Net operating income for return | \$712,890 | \$30,101 | \$742,991 | \$62,897 | \$805,888 | (\$32,924) | \$710,067 | | |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended September 30, 2019
BROOKWOOD WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3(e)
Page 1 of 2
Revised

| | | Present Rates | | | Company Proposed Rates | | | Public Staff Recommended Rates | | |
|----------|---|---------------|---------------|------------------|------------------------|------------------|--------------|--------------------------------|--|--|
| Line No. | Item | Amount | Public | Amount | Net | Operations | Net | Operations | | |
| | | Per | Staff | Per | Company | After Rate | Public Staff | After Rate | | |
| | | Application | Adjustments | Public Staff | Increase | Increase | Increase | Increase | | |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | |
| | Operating Revenues: | | | | | | | | | |
| 1 | Service revenues | \$5,759,416 | \$17,784 | \$5,777,200 [10] | \$1,026,049 | \$6,803,249 [10] | \$629,542 | \$6,406,742 [24] | | |
| 2 | Late payment fees | 19,388 | 60 | 19,448 [11] | 3,454 | 22,902 [11] | 2,120 | 21,568 [11] | | |
| 3 | Miscellaneous revenues | 387,788 | 0 | 387,788 | 0 | 387,788 | 0 | 387,788 | | |
| 4 | Uncollectibles | (134,999) | (873) | (135,872) [12] | (24,132) | (160,004) [12] | (14,806) | (150,678) [12] | | |
| 5 | Total operating revenues | 6,031,593 | 16,971 | 6,048,564 | 1,005,371 | 7,053,935 | 616,856 | 6,665,420 | | |
| | Operating Revenue Deductions: | | | | | | | | | |
| 6 | Salaries and wages | 899,877 | (67,852) [2] | 832,025 | 0 | 832,025 | 0 | 832,025 | | |
| 7 | Employee pensions and benefits | 318,251 | (54,306) [2] | 263,945 | 0 | 263,945 | 0 | 263,945 | | |
| 8 | Purchased water | 264,334 | 0 | 264,334 | 0 | 264,334 | 0 | 264,334 | | |
| 9 | Purchased power | 261,945 | 9,055 [3] | 271,000 | 0 | 271,000 | 0 | 271,000 | | |
| 10 | Fuel for power production | 901 | (1,514) [3] | (613) | 0 | (613) | 0 | (613) | | |
| 11 | Chemicals | 296,803 | 0 | 296,803 | 0 | 296,803 | 0 | 296,803 | | |
| 12 | Materials and supplies | 23,009 | 11,210 [4] | 34,219 | 0 | 34,219 | 0 | 34,219 | | |
| 13 | Testing fees | 65,937 | 0 | 65,937 | 0 | 65,937 | 0 | 65,937 | | |
| 14 | Transportation | 77,214 | 0 | 77,214 | 0 | 77,214 | 0 | 77,214 | | |
| 15 | Contractual services - engineering | 966 | 0 | 966 | 0 | 966 | 0 | 966 | | |
| 16 | Contractual services - accounting | 30,606 | 0 | 30,606 | 0 | 30,606 | 0 | 30,606 | | |
| 17 | Contractual services - legal | 51,754 | (220) [5] | 51,534 | 0 | 51,534 | 0 | 51,534 | | |
| 18 | Contractual services - management fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 19 | Contractual services - other | 722,214 | 5,396 [6] | 727,610 | 0 | 727,610 | 0 | 727,610 | | |
| 20 | Rent | 20,732 | 0 | 20,732 | 0 | 20,732 | 0 | 20,732 | | |
| 21 | Insurance | 95,236 | (29,891) [2] | 65,345 | 0 | 65,345 | 0 | 65,345 | | |
| 22 | Advertising | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 23 | Regulatory commission expense | 74,085 | (36,113) | 37,972 [13] | 0 | 37,972 | 0 | 37,972 | | |
| 24 | Miscellaneous expense | 194,721 | (3,212) [2] | 191,509 | 0 | 191,509 | 0 | 191,509 | | |
| 25 | Interest on customer deposits | 5,549 | 0 | 5,549 | 0 | 5,549 | 0 | 5,549 | | |
| 26 | Animalization & consumption adjustments | 1,301 | 5,698 | 6,999 [14] | 0 | 6,999 | 0 | 6,999 | | |
| 27 | Contra-OH Allocations | (96,993) | 79,093 [2] | (17,900) | 0 | (17,900) | 0 | (17,900) | | |
| 28 | Total O&M and G&A expense | 3,308,442 | (82,656) | 3,225,786 | 0 | 3,225,786 | 0 | 3,225,786 | | |
| 29 | Depreciation and amortization expense | 1,161,134 | (107,768) [7] | 1,053,366 | 0 | 1,053,366 | 0 | 1,053,366 | | |
| 30 | Property taxes | 93,160 | 0 | 93,160 | 0 | 93,160 | 0 | 93,160 | | |
| 31 | Payroll taxes | 68,724 | (24,718) [2] | 44,006 | 0 | 44,006 | 0 | 44,006 | | |
| 32 | Other taxes | 40,396 | 0 | 40,396 | 0 | 40,396 | 0 | 40,396 | | |
| 33 | Benefit costs - Pension | 11 | 0 | 11 | 0 | 11 | 0 | 11 | | |
| 34 | Regulatory fee | 7,841 | 22 | 7,863 [15] | 1,307 | 9,170 [15] | 802 | 8,665 [15] | | |
| 35 | Deferred income tax | 0 | (16,651) [8] | (16,651) | 0 | (16,651) | 0 | (16,651) | | |
| 36 | State income tax | 18,129 | 7,225 | 25,354 [16] | 25,101 | 50,455 [20] | 15,401 | 40,755 [25] | | |
| 37 | Federal income tax | 148,480 | 59,166 | 207,646 [17] | 205,582 | 413,228 [21] | 126,137 | 333,783 [26] | | |
| 38 | Total operating revenue deductions | 4,846,317 | (165,380) | 4,680,937 | 231,990 | 4,912,927 | 142,340 | 4,823,277 | | |
| 39 | Net operating income for return | \$1,185,276 | \$182,351 | \$1,367,627 | \$773,381 | \$2,141,008 | \$474,516 | \$1,842,143 | | |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
FOOTNOTES TO SCHEDULE 3(a)
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3(a)
Page 2 of 2
Revised

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Feasel.
- [3] Provided by Public Staff Engineer Darden.
- [4] Provided by Public Staff Engineer Franklin.
- [5] Henry Exhibit I, Schedule 3-1, Line 1, Column (a).
- [6] Henry Exhibit I, Schedule 3-2, Line 1, Column (a).
- [7] Henry Exhibit I, Schedule 3-3, Line 5, Column (a).
- [8] Henry Exhibit I, Schedule 3-6, Line 12, Column (a).
- [9] Provided by Public Staff Accountant Boswell.
- [10] Column (a) plus Column (b), unless footnoted otherwise.
- [11] Provided by Public Staff Engineer Junis.
- [12] Line 1 times late payment fee percentage of 0.17%.
- [13] Line 1 plus Line 2 times uncollectibles percentage of 0.47%.
- [14] Henry Exhibit I, Schedule 3-4, Line 9, Column (d).
- [15] Henry Exhibit I, Schedule 3-5(a), Line 3, Column (d).
- [16] Line 5 x 0.13%.
- [17] Henry Exhibit I, Schedule 3-7(a), Line 13, Column (a).
- [18] Henry Exhibit I, Schedule 3-7(a), Line 15, Column (a).
- [19] Column (e) minus Column (c), unless otherwise footnoted.
- [20] Column (c) plus Column (d), unless otherwise footnoted.
- [21] Henry Exhibit I, Schedule 3-7(a), Line 13, Column (b).
- [22] Henry Exhibit I, Schedule 3-7(a), Line 15, Column (b).
- [23] Column (g) minus Column (c), unless otherwise footnoted.
- [24] Column (c) plus Column (f), unless otherwise footnoted.
- [25] Revenue requirement as calculated by the Public Staff.
- [26] Henry Exhibit I, Schedule 3-7(a), Line 13, Column (c).
- [27] Henry Exhibit I, Schedule 3-7(a), Line 15, Column (c).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
FOOTNOTES TO SCHEDULE 3(b)
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3(b)
Page 2 of 2
Revised

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Feasel.
- [3] Provided by Public Staff Engineer Darden.
- [4] Provided by Public Staff Engineer Franklin.
- [5] Henry Exhibit I, Schedule 3-1, Line 1, Column (b).
- [6] Henry Exhibit I, Schedule 3-2, Line 1, Column (b).
- [7] Henry Exhibit I, Schedule 3-3, Line 5, Column (b).
- [8] Henry Exhibit I, Schedule 3-6, Line 12, Column (b).
- [9] Provided by Public Staff Accountant Boswell.
- [10] Column (a) plus Column (b), unless footnoted otherwise.
- [11] Provided by Public Staff Engineer Junis.
- [12] Line 1 times late payment fee percentage of 0.12%.
- [13] Line 1 plus Line 2 times uncollectibles percentage of 0.12%.
- [14] Henry Exhibit I, Schedule 3-4, Line 9, Column (e).
- [15] Henry Exhibit I, Schedule 3-5(b), Line 5, Column (d).
- [16] Line 5 x 0.13%.
- [17] Henry Exhibit I, Schedule 3-7(b), Line 13, Column (a).
- [18] Henry Exhibit I, Schedule 3-7(b), Line 15, Column (a).
- [19] Column (e) minus Column (c), unless otherwise footnoted.
- [20] Column (c) plus Column (d), unless otherwise footnoted.
- [21] Henry Exhibit I, Schedule 3-7(b), Line 13, Column (b).
- [22] Henry Exhibit I, Schedule 3-7(b), Line 15, Column (b).
- [23] Column (g) minus Column (c), unless otherwise footnoted.
- [24] Column (c) plus Column (f), unless otherwise footnoted.
- [25] Revenue requirement as calculated by the Public Staff.
- [26] Henry Exhibit I, Schedule 3-7(b), Line 13, Column (c).
- [27] Henry Exhibit I, Schedule 3-7(b), Line 15, Column (c).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
FOOTNOTES TO SCHEDULE 3(c)
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3(c)
Page 2 of 2
Revised

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Feasel.
- [3] Provided by Public Staff Engineer Franklin.
- [4] Henry Exhibit I, Schedule 3-1, Line 1, Column (c).
- [5] Henry Exhibit I, Schedule 3-2, Line 1, Column (c).
- [6] Henry Exhibit I, Schedule 3-3, Line 5, Column (c).
- [7] Henry Exhibit I, Schedule 3-6, Line 12, Column (c).
- [8] Provided by Public Staff Accountant Boswell.
- [9] Column (a) plus Column (b), unless footnoted otherwise.
- [10] Provided by Public Staff Engineer Junis.
- [11] Line 1 times late payment fee percentage of 0.14%.
- [12] Line 1 plus Line 2 times uncollectibles percentage of 0.22%.
- [13] Henry Exhibit I, Schedule 3-4, Line 9, Column (f).
- [14] Henry Exhibit I, Schedule 3-5(a), Line 6, Column (d).
- [15] Line 5 x 0.13%.
- [16] Henry Exhibit I, Schedule 3-7(c), Line 13, Column (a).
- [17] Henry Exhibit I, Schedule 3-7(c), Line 15, Column (a).
- [18] Column (e) minus Column (c), unless otherwise footnoted.
- [19] Column (c) plus Column (d), unless otherwise footnoted.
- [20] Henry Exhibit I, Schedule 3-7(c), Line 13, Column (b).
- [21] Henry Exhibit I, Schedule 3-7(c), Line 15, Column (b).
- [22] Column (g) minus Column (c), unless otherwise footnoted.
- [23] Column (c) plus Column (f), unless otherwise footnoted.
- [24] Revenue requirement as calculated by the Public Staff.
- [25] Henry Exhibit I, Schedule 3-7(c), Line 13, Column (c).
- [26] Henry Exhibit I, Schedule 3-7(c), Line 15, Column (c).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
FOOTNOTES TO SCHEDULE 3(d)
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3(d)
Page 2 of 2
Revised

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Feasel.
- [3] Provided by Public Staff Engineer Darden.
- [4] Provided by Public Staff Engineer Franklin.
- [5] Henry Exhibit I, Schedule 3-1, Line 1, Column (d).
- [6] Henry Exhibit I, Schedule 3-2, Line 1, Column (d).
- [7] Henry Exhibit I, Schedule 3-3, Line 5, Column (d).
- [8] Henry Exhibit I, Schedule 3-6, Line 12, Column (d).
- [9] Provided by Public Staff Accountant Boswell.
- [10] Column (a) plus Column (b), unless footnoted otherwise.
- [11] Provided by Public Staff Engineer Junis.
- [12] Line 1 times late payment fee percentage of 0.13%.
- [13] Line 1 plus Line 2 times uncollectibles percentage of 0.29%.
- [14] Henry Exhibit I, Schedule 3-4, Line 9, Column (g).
- [15] Henry Exhibit I, Schedule 3-5(b), Line 10, Column (d).
- [16] Line 5 x 0.13%.
- [17] Henry Exhibit I, Schedule 3-7(d), Line 13, Column (a).
- [18] Henry Exhibit I, Schedule 3-7(d), Line 15, Column (a).
- [19] Column (e) minus Column (c), unless otherwise footnoted.
- [20] Column (c) plus Column (d), unless otherwise footnoted.
- [21] Henry Exhibit I, Schedule 3-7(d), Line 13, Column (b).
- [22] Henry Exhibit I, Schedule 3-7(d), Line 15, Column (b).
- [23] Column (g) minus Column (c), unless otherwise footnoted.
- [24] Column (c) plus Column (f), unless otherwise footnoted.
- [25] Revenue requirement as calculated by the Public Staff.
- [26] Henry Exhibit I, Schedule 3-7(d), Line 13, Column (c).
- [27] Henry Exhibit I, Schedule 3-7(d), Line 15, Column (c).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
FOOTNOTES TO SCHEDULE 3(e)
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3(e)
Page 2 of 2
Revised

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Feasel.
- [3] Provided by Public Staff Engineer Franklin.
- [4] Henry Exhibit I, Schedule 3-1, Line 1, Column (e).
- [5] Henry Exhibit I, Schedule 3-2, Line 1, Column (e).
- [6] Henry Exhibit I, Schedule 3-3, Line 5, Column (e).
- [7] Henry Exhibit I, Schedule 3-6, Line 12, Column (e).
- [8] Provided by Public Staff Accountant Boswell.
- [9] Column (a) plus Column (b), unless footnoted otherwise.
- [10] Provided by Public Staff Engineer Junis.
- [11] Line 1 times late payment fee percentage of 0.34%.
- [12] Line 1 plus Line 2 times uncollectibles percentage of 0.235%.
- [13] Henry Exhibit I, Schedule 3-4, Line 9, Column (h).
- [14] Henry Exhibit I, Schedule 3-5(a), Line 10, Column (d).
- [15] Line 5 x 0.13%.
- [16] Henry Exhibit I, Schedule 3-7(e), Line 13, Column (a).
- [17] Henry Exhibit I, Schedule 3-7(e), Line 15, Column (a).
- [18] Column (e) minus Column (c), unless otherwise footnoted.
- [19] Column (c) plus Column (d), unless otherwise footnoted.
- [20] Henry Exhibit I, Schedule 3-7(e), Line 13, Column (b).
- [21] Henry Exhibit I, Schedule 3-7(e), Line 15, Column (b).
- [22] Column (g) minus Column (c), unless otherwise footnoted.
- [23] Column (c) plus Column (f), unless otherwise footnoted.
- [24] Revenue requirement as calculated by the Public Staff.
- [25] Henry Exhibit I, Schedule 3-7(e), Line 13, Column (c).
- [26] Henry Exhibit I, Schedule 3-7(e), Line 15, Column (c).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
MATERIALS AND SUPPLIES
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3-1
Revised

| Line No. | Item | Aqua Water [1] (a) | Aqua Sewer [1] (b) | Fairways Water [1] (c) | Fairways Sewer [1] (d) | Brookwood Water [1] (e) | Total [2] (f) |
|-------------|--|--------------------------|--------------------------|------------------------------|------------------------------|-------------------------------|------------------|
| 1. | Adjustment to update materials and supplies. | <u>\$17,405</u> | <u>\$11,191</u> | <u>(\$1,239)</u> | <u>\$2,107</u> | <u>\$11,210</u> | <u>\$40,674</u> |

[1] Per examination of Company financial records.

[2] Sum of Column (a) thru Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO CONTRACTUAL
SERVICES - LEGAL
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3-2
Revised

| Line No. | <u>Item</u> | Aqua Water [1] (a) | Aqua Sewer [1] (b) | Fairways Water [1] (c) | Fairways Sewer [1] (d) | Brookwood Water [1] (e) | Total [2] (f) |
|-------------|---|--------------------------|--------------------------|------------------------------|------------------------------|-------------------------------|----------------------|
| 1 | Remove legal fees for Sub 497 rate case | <u>(\$994)</u> | <u>(\$263)</u> | <u>(\$76)</u> | <u>(\$48)</u> | <u>(\$220)</u> | <u>(\$1,601) [3]</u> |

[1] Column (f) amount allocated using customer ratios.

[2] Sum of Column (a) thru Column (e).

[3] Per examination of Company financial records.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
ADJUSTMENT TO CONTRACTUAL SERVICES-OTHER
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3-3
Revised

| Line No. | Item | Aqua Water (a) | Aqua Sewer (b) | Fairways Water (c) | Fairways Sewer (d) | Brookwood Water (e) | Total [4] (f) |
|-------------|---|----------------------|----------------------|--------------------------|--------------------------|---------------------------|-------------------|
| 1 | Adjustment to pump maintenance | \$0 | (\$18,666) [1] | \$0 | \$1,695 [1] | \$0 | (\$16,971) |
| 2 | Adjustment to remove corporate sundry expenses | (42,095) [2] | (11,115) [2] | (3,213) [2] | (2,047) [2] | (9,306) [2] | (67,776) |
| 3 | Adjustment to remove accrued expenses outside test year | (15,000) [3] | 0 | 0 | 0 | 0 | (15,000) |
| 4 | Adjustment to include | 46,398 | 0 | 46 | 0 | 14,702 | 61,146 |
| 5 | Adjustment to contract services other (Sum of L1 thru L4) | <u>(\$10,697)</u> | <u>(\$29,781)</u> | <u>(\$3,167)</u> | <u>(\$352)</u> | <u>\$5,396</u> | <u>(\$38,601)</u> |

[1] Provided by Public Staff Engineer Darden.

[2] Provided by Public Staff Accountant Feasel.

[3] Per examination of Company's financial records.

[4] Sum of Column (a) through Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF REGULATORY COMMISSION EXPENSE
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3-4
Revised

| Line No. | Item | Amount Per Application (a) | Public Staff Adjustment (b) | [1] Amount Per Public Staff (c) | Aqua Water (d) | Aqua Sewer (e) | Fairways Water (f) | Fairways Sewer (g) | Brookwood Water (h) |
|----------|---|-------------------------------|--------------------------------|------------------------------------|---------------------|----------------------|-----------------------|-----------------------|------------------------|
| 1 | Rate case expense for the current proceeding | <u>\$625,125</u> | <u>(\$214,879)</u> | \$410,246 [2] | | | | | |
| 2 | Amortization period in years | | | <u>3</u> | | | | | |
| 3 | Annual rate case expense for the current period (L1 / L2) | | | <u>136,749</u> | <u>\$84,935</u> [4] | <u>22,427.00</u> [5] | <u>\$6,482</u> [6] | <u>\$4,130</u> [7] | <u>\$18,776</u> [8] |
| 4 | Unamortized balance of current rate case expense (L1 - L3) | | | <u>273,497</u> | <u>169,869</u> [4] | <u>44,854.00</u> [5] | <u>12,964</u> [6] | <u>8,260</u> [7] | <u>37,551</u> [8] |
| 5 | Unamortized Sub 497 rate case expense | <u>\$419,435</u> | <u>\$0</u> | 419,435 [3] | | | | | |
| 6 | Amortization period in years | | | <u>3</u> | | | | | |
| 7 | Annual rate case expense from Sub 497 (L5 / L6) | | | <u>139,812</u> | <u>86,837</u> [4] | <u>22,929</u> [5] | <u>6,627</u> [6] | <u>4,222</u> [7] | <u>19,196</u> [8] |
| 8 | Unamortized balance of Sub 497 rate case expense (L5 - L7) | | | <u>279,623</u> | <u>173,674</u> [4] | <u>45,858.00</u> [5] | <u>13,254</u> [6] | <u>8,445</u> [7] | <u>38,392</u> [8] |
| 9 | Regulatory commission expense per Public Staff L3 + L7) | | | | <u>\$171,772</u> | <u>\$45,356</u> | <u>\$13,109</u> | <u>\$8,352</u> | <u>\$37,972</u> |
| 10 | Unamortized regulatory commission expense per Public Staff L4 + L8) | | | | <u>\$343,543</u> | <u>\$90,712</u> | <u>\$26,218</u> | <u>\$16,705</u> | <u>\$75,943</u> |

[1] Column (c) minus Column (a).

[2] Per examination of the company's response to accounting data requests

[3] Calculated base on amount approved in Sub 497 rate case.

[4] Column (c) multiplied by ANC Water allocation factor of 62.11%.

[5] Column (c) multiplied by ANC Sewer allocation factor of 16.4%.

[6] Column (c) multiplied by Fairways Water allocation factor of 4.74%.

[7] Column (c) multiplied by Fairways Sewer allocation factor of 3.02%.

[8] Column (c) multiplied by Brookwood Water allocation factor of 13.73%.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
**CALCULATION OF ANNUALIZATION AND
CONSUMPTION ADJUSTMENTS**
For The Test Year Ended September 30, 2019
WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3-5(a)
Revised

| Line No. | Item | As Adjusted (a) | Annualization Adjustment [4] (b) | Consumption Adjustment [6] (c) | Total Adjustment [8] (d) |
|----------|--|--------------------|-------------------------------------|-----------------------------------|-----------------------------|
| | <u>Aqua water</u> | | | | |
| 1. | Purchased power | \$2,368,986 [1] | \$33,166 | \$15,614 | \$48,780 |
| 2. | Chemicals | 460,830 [1] | 6,452 | 3,037 | 9,489 |
| 3. | Total - Aqua water | <u>\$2,829,816</u> | <u>\$39,618</u> | <u>\$18,651</u> | <u>\$58,269</u> |
| | <u>Fairways water</u> | | | | |
| 4. | Purchased power | \$75,588 [2] | \$1,875 | (\$6,298) | (\$4,423) |
| 5. | Chemicals | 24,115 [2] | 598 | (2,009) | (1,411) |
| 6. | Total - Fairways water | <u>\$99,703</u> | <u>\$2,473</u> | <u>(\$8,307)</u> | <u>(\$5,834)</u> |
| | <u>Brookwood water</u> | | | | |
| 7. | Purchased power | \$271,000 [3] | \$1,545 | \$1,799 | \$3,344 |
| 8. | Fuel for power production | (613) [3] | (3) | (4) | (7) |
| 9. | Chemicals | 296,803 [3] | 1,692 | 1,970 | 3,662 |
| 10. | Total - Brookwood water | <u>\$567,190</u> | <u>\$3,234</u> | <u>\$3,765</u> | <u>\$6,999</u> |
| | <u>Factors to be applied per Public Staff:</u> | | | | |
| 11. | Aqua water | | 1.40% [5] | 0.65% [7] | |
| 12. | Fairways water | | 2.48% [5] | -8.13% [7] | |
| 13. | Brookwood water | | 0.57% [5] | 0.66% [7] | |

- [1] Henry Exhibit I, Schedule 3(a), Column (c).
[2] Henry Exhibit I, Schedule 3(c), Column (c).
[3] Henry Exhibit I, Schedule 3(e), Column (c).
[4] Column (a) times annualization factor for rate entity listed in Lines 11 through 13.
[5] Henry Exhibit I, Schedule 3-5(a)(1), Column (c).
[6] Column (a) plus Column (b) times consumption factor for rate entity listed in Lines 11 through 13.
[7] Henry Exhibit I, Schedule 3-5(a)(1), Column (d).
[8] Column (b) plus Column (c).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
**CALCULATION OF ANNUALIZATION
AND CONSUMPTION FACTORS**
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3-5(a)(1)
Revised

| Line No. | Item | Annualization Factors | | | | Consumption Factor [1] | | |
|-------------|-----------------|-------------------------------------|-----|--|-----|---------------------------|-------------------------|-----|
| | | Bills for Test Year 9/30/2017 | [1] | Pro Forma Bills per Public Staff | [1] | | Annualization Factor | [2] |
| | | (a) | | (b) | | | (c) | |
| | | | | | | | | (d) |
| 1. | Aqua water | 747,548 | | 758,029 | | 1.40% | 0.65% | |
| 2. | Aqua sewer | 198,960 | | 208,076 | | 4.58% | -2.20% | |
| 3. | Fairways water | 56,499 | | 57,900 | | 2.48% | -8.13% | |
| 4. | Fairways sewer | 36,107 | | 36,696 | | 1.63% | -4.90% | |
| 5. | Brookwood water | 165,549 | | 166,500 | | 0.57% | 0.66% | |

[1] Based on information provided by Public Staff Engineer Junis.

[2] [Column (b) minus Column (a)] divided by Column (a).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
**CALCULATION OF ANNUALIZATION AND
CONSUMPTION ADJUSTMENTS**
For The Test Year Ended September 30, 2019
SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3-5(b)
Revised

| Line No. | Item | As Adjusted (a) | Annualization Adjustment [3] (b) | Consumption Adjustment [5] (c) | Total Adjustment [6] (d) |
|-------------|--|-----------------------|--|--------------------------------------|--------------------------------|
| | <u>Aqua sewer</u> | | | | |
| 1 | Purchased power | \$1,054,929 [1] | \$48,316 | (\$24,271) | \$24,045 |
| 2 | Fuel for production | 19,318 [1] | 885 | (444) | 441 |
| 3 | Sludge removal | 590,239 [1] | 27,033 | (13,580) | 13,453 |
| 4 | Chemicals | 520,589 [1] | 23,843 | (11,978) | 11,865 |
| 5 | Total - Aqua sewer | <u>\$2,185,075</u> | <u>\$100,077</u> | <u>(\$50,273)</u> | <u>\$49,804</u> |
| | <u>Fairways sewer</u> | | | | |
| 6 | Purchased power | \$107,989 [2] | \$1,760 | (\$5,378) | (\$3,618) |
| 7 | Fuel for production | 1,569 [2] | 26 | (78) | (52) |
| 8 | Sludge removal | 169,995 [2] | 2,771 | (8,466) | (5,695) |
| 9 | Chemicals | 28,526 [2] | 465 | (1,421) | (956) |
| 10 | Total - Fairways sewer | <u>\$308,079</u> | <u>\$5,022</u> | <u>(\$15,343)</u> | <u>(\$10,321)</u> |
| | <u>Factors to be applied per Public Staff:</u> | | | | |
| 11 | Aqua sewer | | 4.58% [4] | -2.20% [4] | |
| 12 | Fairways sewer | | 1.63% [4] | -4.90% [4] | |

[1] Henry Exhibit I, Schedule 3(b), Column (c).

[2] Henry Exhibit I, Schedule 3(d), Column (c).

[3] Column (a) times annualization factor for rate entity listed in Lines 11 and 12.

[4] Henry Exhibit I, Schedule 3-5(a)(1), Column (c), Lines 2 and 4, respectively.

[5] Column (a) plus Column (b) times consumption factor for rate entity listed in Lines 11 and 12.

[6] Column (b) plus Column (c).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
**CALCULATION OF DEPRECIATION
AND AMORTIZATION EXPENSE**
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit I
Schedule 3-6
Revised

| Line No. | Item | Aqua Water (a) | Aqua Sewer (b) | Fairways Water (c) | Fairways Sewer (d) | Brookwood Water (e) |
|----------|---|---------------------------|---------------------------|-------------------------|--------------------------|---------------------------|
| | <u>Depreciation expense</u> | | | | | |
| 1 | Adjustment to include post test year additions | (\$109,823) [1] | (\$61,673) [1] | (\$2,747) [1] | (\$5,890) [1] | (\$82,479) [1] |
| 2 | Adjustment for vehicle purchases | (20,074) [2] | 8,004 [2] | 3,710 [2] | 2,414 [2] | 5,946 [2] |
| 3 | Adjustment to excess capacity | 0 | 0 [6] | 0 | 0 | 0 |
| 4 | Total adjustment to depreciation expense | <u>(129,897)</u> | <u>(53,669)</u> | <u>963</u> | <u>(3,476)</u> | <u>(76,533)</u> |
| | <u>CIAC amortization expense</u> | | | | | |
| 5 | Adjustment to include post test year additions | (19,585) [3] | (27,375) [3] | (2,863) [3] | (4,738) [3] | (132) [3] |
| 6 | Adjustment to excess capacity | 0 | 0 [7] | 0 | 0 | 0 |
| 7 | Adjustment to tank painting | 26,997 | 0 | 0 | 0 | 9,862 [9] |
| 8 | Adjustment to JoCo transmission fee revenue deficit | 0 | (23,984) [8] | 0 | 0 | 0 |
| 9 | Adjustment to PTY plant deferred accounting | <u>(111,767) [4]</u> | <u>(48,955) [4]</u> | <u>(172) [4]</u> | <u>(5,610) [4]</u> | <u>(40,965) [4]</u> |
| 10 | Total adjustment to CIAC amortization | <u>(104,355)</u> | <u>(100,314)</u> | <u>(3,035)</u> | <u>(10,348)</u> | <u>(31,235)</u> |
| | <u>Amortization of acquisition adjustments</u> | | | | | |
| 11 | Adjustment to include post test year additions | <u>3,541 [5]</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 12 | Total Public Staff adjustment (L4 + L10 + L11) | <u><u>(\$230,711)</u></u> | <u><u>(\$153,983)</u></u> | <u><u>(\$2,072)</u></u> | <u><u>(\$13,824)</u></u> | <u><u>(\$107,768)</u></u> |

[1] Henry Exhibit I, Schedule 2-1(a), Line 15.

[2] Henry Exhibit I, Schedule 2-1(c), Line 3.

[3] Henry Exhibit I, Schedule 2-3, Line 3.

[4] Adjustment to remove per application PTY deferred accounting amortization.

[5] Provided by Public Staff Accountant Feasel.

[6] Henry Exhibit I, Schedule 2-6, Line 18, Column (d).

[7] Henry Exhibit I, Schedule 2-6, Line 18, Column (e).

[8] Adjustment to remove per application transmission revenue deficit.

[9] Adjustment to remove fully amortized tank painting expense.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF INCOME TAXES
For The Test Year Ended September 30, 2019
AQUA WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3-7(a)
Revised

| Line No. | Item | Present Rates [1] (a) | Company Proposed Rates [3] (b) | Public Staff Recommended Rates [5] (c) |
|-------------|---|-----------------------------|---|---|
| 1. | Operating revenue | <u>\$37,209,793</u> | <u>\$41,212,835</u> | <u>\$39,070,354</u> |
| | Operating revenue deductions: | | | |
| 2. | O&M and G&A expense | 19,987,316 | 19,987,316 | 19,987,316 |
| 3. | Depreciation and amortization expense | 6,770,258 | 6,770,258 | 6,770,258 |
| 4. | Property taxes | 534,225 | 534,225 | 534,225 |
| 5. | Payroll taxes | 493,985 | 493,985 | 493,985 |
| 6. | Other taxes | 179,292 | 179,292 | 179,292 |
| 7. | Benefit costs - Pension | (504) | (504) | (504) |
| 8. | Regulatory fee | 48,373 | 53,577 | 50,791 |
| 9. | Gross receipts tax | 0 | 0 | 0 |
| 10. | Interest expense | <u>2,860,588</u> [2] | <u>2,860,588</u> [4] | <u>2,860,588</u> [6] |
| 11. | Total deductions (Sum of L2 thru L10) | <u>30,873,532</u> | <u>30,878,736</u> | <u>30,875,950</u> |
| 12. | Taxable income (L1 - L11) | <u>6,336,261</u> | <u>10,334,099</u> | <u>8,194,404</u> |
| 13. | State income tax (L12 x 2.50%) | <u>158,407</u> | <u>258,352</u> | <u>204,860</u> |
| 14. | Federal taxable income (L12 - L13) | <u>6,177,854</u> | <u>10,075,747</u> | <u>7,989,544</u> |
| 15. | Federal income tax (L14 x 21.00%) | <u>1,297,349</u> | <u>2,115,907</u> | <u>1,677,804</u> |
| 16. | Excess deferred income tax amortization | <u>(75,322)</u> | <u>(75,322)</u> | <u>(75,322)</u> |
| 17. | Net amount (L12 - L13 - L15 - L16) | 4,955,827 | 8,035,162 | 6,387,062 |
| 18. | Add: interest expense | <u>2,860,588</u> [2] | <u>2,860,588</u> [4] | <u>2,860,588</u> [6] |
| 19. | Net income for return (L17 + L18) | <u><u>\$7,816,415</u></u> | <u><u>\$10,895,750</u></u> | <u><u>\$9,247,650</u></u> |

[1] Henry Exhibit I, Schedule 3(a), Column (c), unless footnoted otherwise.

[2] Henry Exhibit I, Schedule 1(a), Line 1, Column (e).

[3] Henry Exhibit I, Schedule 3(a), Column (e), unless footnoted otherwise.

[4] Henry Exhibit I, Schedule 1(a), Line 4, Column (e).

[5] Henry Exhibit I, Schedule 3(a), Column (g), unless footnoted otherwise.

[6] Henry Exhibit I, Schedule 1(a), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF INCOME TAXES
For The Test Year Ended September 30, 2019
AQUA SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3-7(b)
Revised

| Line No. | Item | Present Rates (a) | [1] | Company Proposed Rates (b) | [3] | Public Staff Recommended Rates (c) | [5] |
|-------------|---|-------------------------|-----|-------------------------------------|-----|---|-----|
| 1. | Operating revenue | <u>\$15,639,152</u> | | <u>\$17,183,539</u> | | <u>\$16,425,749</u> | |
| | Operating revenue deductions: | | | | | | |
| 2. | O&M and G&A expense | 8,772,405 | | 8,772,405 | | 8,772,405 | |
| 3. | Depreciation and amortization expense | 2,434,103 | | 2,434,103 | | 2,434,103 | |
| 4. | Property taxes | 17,637 | | 17,637 | | 17,637 | |
| 5. | Payroll taxes | 205,084 | | 205,084 | | 205,084 | |
| 6. | Other taxes | 47,134 | | 47,134 | | 47,134 | |
| 7. | Benefit costs - Pension | (474) | | (474) | | (474) | |
| 8. | Regulatory fee | 20,331 | | 22,339 | | 21,353 | |
| 9. | Gross receipts tax | 0 | | 0 | | 0 | |
| 10. | Interest expense | <u>1,270,740</u> | [2] | <u>1,270,740</u> | [4] | <u>1,270,740</u> | [6] |
| 11. | Total deductions (Sum of L2 thru L10) | <u>12,766,961</u> | | <u>12,768,969</u> | | <u>12,767,983</u> | |
| 12. | Taxable income (L1 - L11) | <u>2,872,191</u> | | <u>4,414,570</u> | | <u>3,657,766</u> | |
| 13. | State income tax (L12 x 2.50%) | <u>71,805</u> | | <u>110,364</u> | | <u>91,444</u> | |
| 14. | Federal taxable income (L12 - L13) | <u>2,800,386</u> | | <u>4,304,206</u> | | <u>3,566,322</u> | |
| 15. | Federal income tax (L14 x 21.00%) | <u>588,081</u> | | <u>903,883</u> | | <u>748,928</u> | |
| 16. | Excess deferred income tax amortization | (19,888) | | (19,888) | | (19,888) | |
| 17. | Net amount (L12 - L13 - L15 - L16) | 2,232,193 | | 3,420,211 | | 2,837,282 | |
| 18. | Add: interest expense | <u>1,270,740</u> | [2] | <u>1,270,740</u> | [4] | <u>1,270,740</u> | [6] |
| 19. | Net income for return (L17 + L18) | <u>\$3,502,933</u> | | <u>\$4,690,951</u> | | <u>\$4,108,022</u> | |

[1] Henry Exhibit I, Schedule 3(b), Column (c), unless footnoted otherwise.

[2] Henry Exhibit I, Schedule 1(b), Line 1, Column (e).

[3] Henry Exhibit I, Schedule 3(b), Column (e), unless footnoted otherwise.

[4] Henry Exhibit I, Schedule 1(b), Line 4, Column (e).

[5] Henry Exhibit I, Schedule 3(b), Column (g), unless footnoted otherwise.

[6] Henry Exhibit I, Schedule 1(b), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF INCOME TAXES
For The Test Year Ended September 30, 2019
FAIRWAYS WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3-7(c)
Revised

| Line No. | Item | Present Rates (a) | [1] | Company Proposed Rates (b) | [3] | Public Staff Recommended Rates (c) | [5] |
|-------------|---|-------------------------|-----|-------------------------------------|-----|---|-----|
| 1. | Operating revenue | <u>\$1,228,928</u> | | <u>\$1,342,831</u> | | <u>\$1,240,667</u> | |
| | Operating revenue deductions: | | | | | | |
| 2. | O&M and G&A expense | 780,288 | | 780,288 | | 780,288 | |
| 3. | Depreciation and amortization expense | 133,475 | | 133,475 | | 133,475 | |
| 4. | Property taxes | 30,683 | | 30,683 | | 30,683 | |
| 5. | Payroll taxes | 14,300 | | 14,300 | | 14,300 | |
| 6. | Other taxes | 13,481 | | 13,481 | | 13,481 | |
| 7. | Benefit costs - Pension | (147) | | (147) | | (147) | |
| 8. | Regulatory fee | 1,598 | | 1,746 | | 1,613 | |
| 9. | Gross receipts tax | 0 | | 0 | | 0 | |
| 10. | Interest expense | <u>70,390</u> | [2] | <u>70,390</u> | [4] | <u>70,390</u> | [6] |
| 11. | Total deductions (Sum of L2 thru L10) | <u>1,044,068</u> | | <u>1,044,216</u> | | <u>1,044,083</u> | |
| 12. | Taxable income (L1 - L11) | <u>184,860</u> | | <u>298,615</u> | | <u>196,584</u> | |
| 13. | State income tax (L12 x 2.50%) | <u>4,621</u> | | <u>7,465</u> | | <u>4,915</u> | |
| 14. | Federal taxable income (L12 - L13) | <u>180,239</u> | | <u>291,150</u> | | <u>191,669</u> | |
| 15. | Federal income tax (L14 x 21.00%) | <u>37,850</u> | | <u>61,141</u> | | <u>40,250</u> | |
| 16. | Excess deferred income tax amortization | <u>(5,748)</u> | | <u>(5,748)</u> | | <u>(5,748)</u> | |
| 17. | Net amount (L12 - L13 - L15 - L16) | 148,137 | | 235,757 | | 157,167 | |
| 18. | Add: interest expense | <u>70,390</u> | [2] | <u>70,390</u> | [4] | <u>70,390</u> | [6] |
| 19. | Net income for return (L17 + L18) | <u>\$218,527</u> | | <u>\$306,147</u> | | <u>\$227,557</u> | |

[1] Henry Exhibit I, Schedule 3(c), Column (c), unless footnoted otherwise.

[2] Henry Exhibit I, Schedule 1(c), Line 1, Column (e).

[3] Henry Exhibit I, Schedule 3(c), Column (e), unless footnoted otherwise.

[4] Henry Exhibit I, Schedule 1(c), Line 4, Column (e).

[5] Henry Exhibit I, Schedule 3(c), Column (g), unless footnoted otherwise.

[6] Henry Exhibit I, Schedule 1(c), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF INCOME TAXES
For The Test Year Ended September 30, 2019
FAIRWAYS SEWER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3-7(d)
Revised

| Line No. | Item | Present Rates (a) | [1] | Company Proposed Rates (b) | [3] | Public Staff Recommended Rates (c) | [5] |
|-------------|---|-------------------------|-----|-------------------------------------|-----|---|-----|
| 1. | Operating revenue | <u>\$2,186,049</u> | | <u>\$2,267,814</u> | | <u>\$2,143,250</u> | |
| | Operating revenue deductions: | | | | | | |
| 2. | O&M and G&A expense | 920,357 | | 920,357 | | 920,357 | |
| 3. | Depreciation and amortization expense | 342,524 | | 342,524 | | 342,524 | |
| 4. | Property taxes | 2,322 | | 2,322 | | 2,322 | |
| 5. | Payroll taxes | 15,183 | | 15,183 | | 15,183 | |
| 6. | Other taxes | 8,619 | | 8,619 | | 8,619 | |
| 7. | Benefit costs - Pension | (137) | | (137) | | (137) | |
| 8. | Regulatory fee | 2,842 | | 2,948 | | 2,786 | |
| 9. | Gross receipts tax | 0 | | 0 | | 0 | |
| 10. | Interest expense | <u>219,646</u> | [2] | <u>219,646</u> | [4] | <u>219,646</u> | [6] |
| 11. | Total deductions (Sum of L2 thru L10) | <u>1,511,356</u> | | <u>1,511,462</u> | | <u>1,511,300</u> | |
| 12. | Taxable income (L1 - L11) | <u>674,693</u> | | <u>756,352</u> | | <u>631,950</u> | |
| 13. | State income tax (L12 x 2.50%) | <u>16,867</u> | | <u>18,909</u> | | <u>15,799</u> | |
| 14. | Federal taxable income (L12 - L13) | <u>657,826</u> | | <u>737,443</u> | | <u>616,151</u> | |
| 15. | Federal income tax (L14 x 21.00%) | <u>138,143</u> | | <u>154,863</u> | | <u>129,392</u> | |
| 16. | Excess deferred income tax amortization | <u>(3,662)</u> | | <u>(3,662)</u> | | <u>(3,662)</u> | |
| 17. | Net amount (L12 - L13 - L15 - L16) | 523,345 | | 586,242 | | 490,421 | |
| 18. | Add: interest expense | <u>219,646</u> | [2] | <u>219,646</u> | [4] | <u>219,646</u> | [6] |
| 19. | Net income for return (L17 + L18) | <u><u>\$742,991</u></u> | | <u><u>\$805,888</u></u> | | <u><u>\$710,067</u></u> | |

[1] Henry Exhibit I, Schedule 3(d), Column (c), unless footnoted otherwise.

[2] Henry Exhibit I, Schedule 1(d), Line 1, Column (e).

[3] Henry Exhibit I, Schedule 3(d), Column (e), unless footnoted otherwise.

[4] Henry Exhibit I, Schedule 1(d), Line 4, Column (e).

[5] Henry Exhibit I, Schedule 3(d), Column (g), unless footnoted otherwise.

[6] Henry Exhibit I, Schedule 1(d), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF INCOME TAXES
For The Test Year Ended September 30, 2019
BROOKWOOD WATER OPERATIONS

Public Staff
Henry Exhibit I
Schedule 3-7(e)
Revised

| Line No. | Item | Present Rates (a) | [1] | Company Proposed Rates (b) | [3] | Public Staff Recommended Rates (c) | [5] |
|-------------|---|-------------------------|-----|-------------------------------------|-----|---|-----|
| 1. | Operating revenue | <u>\$6,048,564</u> | | <u>\$7,053,935</u> | | <u>\$6,665,420</u> | |
| | Operating revenue deductions: | | | | | | |
| 2. | O&M and G&A expense | 3,225,786 | | 3,225,786 | | 3,225,786 | |
| 3. | Depreciation and amortization expense | 1,053,366 | | 1,053,366 | | 1,053,366 | |
| 4. | Property taxes | 93,160 | | 93,160 | | 93,160 | |
| 5. | Payroll taxes | 44,006 | | 44,006 | | 44,006 | |
| 6. | Other taxes | 40,396 | | 40,396 | | 40,396 | |
| 7. | Benefit costs - Pension | 11 | | 11 | | 11 | |
| 8. | Regulatory fee | 7,863 | | 9,170 | | 8,665 | |
| 9. | Gross receipts tax | 0 | | 0 | | 0 | |
| 10. | Interest expense | <u>569,832</u> | [2] | <u>569,832</u> | [4] | <u>569,832</u> | [6] |
| 11. | Total deductions (Sum of L2 thru L10) | <u>5,034,420</u> | | <u>5,035,727</u> | | <u>5,035,222</u> | |
| 12. | Taxable income (L1 - L11) | <u>1,014,144</u> | | <u>2,018,208</u> | | <u>1,630,198</u> | |
| 13. | State income tax (L12 x 2.50%) | <u>25,354</u> | | <u>50,455</u> | | <u>40,755</u> | |
| 14. | Federal taxable income (L12 - L13) | <u>988,790</u> | | <u>1,967,753</u> | | <u>1,589,443</u> | |
| 15. | Federal income tax (L14 x 21.00%) | <u>207,646</u> | | <u>413,228</u> | | <u>333,783</u> | |
| 16. | Excess deferred income tax amortization | <u>(16,651)</u> | | <u>(16,651)</u> | | <u>(16,651)</u> | |
| 17. | Net amount (L12 - L13 - L15 - L16) | 797,795 | | 1,571,176 | | 1,272,311 | |
| 18. | Add: interest expense | <u>569,832</u> | [2] | <u>569,832</u> | [4] | <u>569,832</u> | [6] |
| 19. | Net income for return (L17 + L18) | <u>\$1,367,627</u> | | <u>\$2,141,008</u> | | <u>\$1,842,143</u> | |

[1] Henry Exhibit I, Schedule 3(e), Column (c), unless footnoted otherwise.

[2] Henry Exhibit I, Schedule 1(e), Line 1, Column (e).

[3] Henry Exhibit I, Schedule 3(e), Column (e), unless footnoted otherwise.

[4] Henry Exhibit I, Schedule 1(e), Line 4, Column (e).

[5] Henry Exhibit I, Schedule 3(e), Column (g), unless footnoted otherwise.

[6] Henry Exhibit I, Schedule 1(e), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit II
Schedule 1
Revised

| Line No. | Item | Aqua Water [1] (a) | Aqua Sewer [1] (b) | Fairways Water [1] (c) | Fairways Sewer [1] (d) | Brookwood Water [1] (e) | Total [2] (f) |
|----------|---|-----------------------|-----------------------|---------------------------|---------------------------|----------------------------|--------------------|
| 1 | Increase / (decrease) in total revenues per Company | <u>\$4,044,422</u> | <u>\$1,545,098</u> | <u>\$113,289</u> | <u>\$82,169</u> | <u>\$1,001,869</u> | <u>\$6,786,847</u> |
| 2 | Difference in calculation of revenue requirement based on Company amounts | (1,550) | 1,648 | (454) | (894) | (2,293) | (3,543) |
| 3 | Adjust debt cost rate to 4.21% | (27,721) | (12,436) | (680) | (2,151) | (5,421) | (48,409) |
| 4 | Adjust return on equity to 9.40% | (629,832) | (282,543) | (15,458) | (48,875) | (123,172) | (1,099,880) |
| 5 | Adjustment to post test year additions to plant in service | (223,380) | (82,346) | (788) | (17,660) | (232,767) | (556,941) |
| 6 | Adjustment to allocate vehicle purchased | (42,435) | 18,194 | 7,491 | 4,877 | 11,873 | 0 |
| 7 | Adjustment to post test year additions to A/D | 13,852 | (29,282) | (2,263) | (3,844) | 118,220 | 96,683 |
| 8 | Adjustment to remove A/D related to future customers | 321 | 0 | 0 | 0 | 0 | 321 |
| 9 | Adjustment to A/D for vehicle allocations | 1,643 | (655) | (304) | (198) | (486) | 0 |
| 10 | Adjustment to A/D for WSIC/SSIC in service date | (3,210) | (996) | 0 | 0 | (249) | (4,455) |
| 11 | Adjustment to post test year additions to CIAC | (106,527) | (126,451) | (13,679) | (19,319) | (383) | (266,359) |
| 12 | Adjustment to post test year additions to accumulated amortization - CIAC | 37,976 | 49,535 | 4,782 | 4,568 | 3,173 | 100,034 |
| 13 | Adjustment to post test year additions PAA | 2,626 | 0 | 0 | 0 | 0 | 2,626 |
| 14 | Adjustment for Mid South growth related PAA to 03/31/20 | 4,834 | 0 | 0 | 0 | 0 | 4,834 |
| 15 | Adjustment to post test year additions accumulated amortization - PAA | (1,291) | 1,964 | 0 | 0 | (5) | 668 |
| 16 | Adjustment to update advances for construction to 03/31/20 | 5,991 | 13,107 | 565 | 0 | 0 | 19,663 |
| 17 | Adjustment to ADIT - post test year additions | (7,133) | 15,358 | (553) | 344 | 22,811 | 30,827 |
| 18 | Adjustment to ADIT - unamortized rate case expense | 622 | 1,639 | (318) | 254 | 8 | 2,205 |
| 19 | Adjustment to ADIT - unamortized repair tax credit | (1,132) | (362) | (29) | (31) | (180) | (1,734) |
| 20 | Adjustment to ADIT - protected EDIT | 6,190 | 1,634 | 472 | 301 | 1,368 | 9,965 |
| 21 | Adjustment to update customer deposits to 03/31/20 | 184 | 66 | 18 | 0 | 99 | 367 |
| 22 | Adjustment to remove excess capacity | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 | Adjustment to cash working capital | (4,363) | (1,419) | (488) | (379) | (849) | (7,498) |
| 24 | Adjustment to tank painting | 36,521 | 0 | (307) | 0 | 26,464 | 62,678 |
| 25 | Adjustment to remove unamortized rate case expense | (12,276) | (3,090) | (881) | (560) | (2,744) | (19,551) |
| 26 | Adjustment to depreciation study | 607 | 153 | 44 | 28 | 137 | 969 |
| 27 | Adjustment to repair tax credit | 2 | 6 | (1) | (5) | 4 | 6 |
| 28 | Adjustment to remove JoCO unamortized transmission charge | 0 | (55,997) | 0 | 0 | 0 | (55,997) |
| 29 | Adjustment to remove JoCO transmission revenue deficit | 0 | (32,309) | 0 | 0 | 0 | (32,309) |
| 30 | Adjustment to remove deferred accounting on post test year additions | (148,651) | (65,111) | (229) | (7,461) | (54,484) | (275,936) |
| 31 | Adjustment to average tax accruals | (112) | (69) | 1 | (6) | (7) | (193) |
| 32 | Adjustment to service revenues | (355,983) | (12,443) | (12,747) | 11,449 | (17,784) | (387,508) |
| 33 | Adjustment for late payment fees | (611) | (14) | (18) | 15 | (60) | (688) |
| 34 | Adjustment to uncollectibles and abatements | 1,974 | 39 | 33 | (25) | 873 | 2,894 |

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended September 30, 2019

Public Staff
Henry Exhibit II
Schedule 1
Revised

| Line No. | Item | Aqua Water [1] (a) | Aqua Sewer [1] (b) | Fairways Water [1] (c) | Fairways Sewer [1] (d) | Brookwood Water [1] (e) | Total [2] (f) |
|----------|--|-----------------------|-----------------------|---------------------------|---------------------------|----------------------------|--------------------|
| 35 | Adjustment to remove capitalized labor | (215,884) | (53,117) | (2,628) | (2,803) | (18,240) | (292,672) |
| 36 | Adjustment to add transportation regular payroll | 585 | 0 | 44 | 0 | 131 | 760 |
| 37 | Adjustment to update salaries and wages March 31, 2020 | (146,782) | (53,895) | (4,235) | (4,191) | (13,172) | (222,275) |
| 38 | Adjustment to remove leave without pay | (3,330) | (1,223) | (96) | (95) | (299) | (5,043) |
| 39 | Adjustment to reflect actual standby and overtime salaries and wages | (26,624) | 21,427 | 351 | 134 | 2,933 | (1,779) |
| 40 | Adjustment to remove bonuses related to EPS | 0 | 0 | 0 | 0 | 0 | 0 |
| 41 | Adjustment to allocate executive compensation to shareholders | (116,023) | (30,489) | (8,706) | (5,560) | (26,161) | (186,939) |
| 42 | Adjustment to reflect allocation from Corp Serv & ACO | (57,504) | (14,642) | (4,169) | (2,604) | (13,132) | (92,051) |
| 43 | Adjustment to remove capitalized pensions and benefits | (526,383) | (132,404) | (6,548) | (7,471) | (46,324) | (719,130) |
| 44 | Adjustment to update pensions and benefits to March 31, 2020 | (80,884) | (29,660) | (2,298) | (2,433) | (6,981) | (122,256) |
| 45 | Adjustment to reflect benefits allocated from Corporate Services | 0 | 0 | 0 | 0 | 0 | 0 |
| 46 | Adjustment to remove unqualified benefits from Corporate Sundries | (11,250) | (4,821) | (357) | (357) | (1,071) | (17,856) |
| 47 | Adjustment to fuel for production | (2,744) | (7,083) | 572 | 1,946 | (1,516) | (8,825) |
| 48 | Adjustment to sludge removal | 0 | (14,555) | 0 | (445) | 0 | (15,000) |
| 49 | Adjustment to purchased power | 103,897 | 18,765 | (934) | (4,315) | 9,067 | 126,480 |
| 50 | Adjustment to materials and supplies | 17,428 | 11,206 | (1,241) | 2,110 | 11,225 | 40,728 |
| 51 | Adjustment to testing | 0 | (11,869) | 0 | (1,005) | 0 | (12,874) |
| 52 | Adjustment to contractual services - legal | (994) | (263) | (76) | (48) | (220) | (1,601) |
| 53 | Adjustment to contractual services - other - pump maintenance | 0 | (18,690) | 0 | 1,697 | 0 | (16,993) |
| 54 | Adjustment to contractual services - other- corporate sundries | (42,150) | (11,129) | (3,217) | (2,050) | (9,318) | (67,864) |
| 55 | Adjustment to contract services - other- accrued expenses | (15,020) | 0 | 0 | 0 | 0 | (15,020) |
| 56 | Adjustment to insurance | (84,532) | 25,807 | (14,455) | 42 | (29,930) | (103,068) |
| 57 | Adjustment regulatory commission expense | (161,833) | (40,777) | (11,628) | (7,390) | (36,160) | (257,788) |
| 58 | Adjustment to remove capitalized miscellaneous expense | (8,530) | (4,181) | (643) | (287) | (944) | (14,585) |
| 59 | Adjustment to remove 25% BOD compensation from miscellaneous exp. | (20,484) | (7,542) | (590) | (590) | (1,831) | (31,037) |
| 60 | Adjustment to remove 25% BOD expenses from miscellaneous expense | (374) | (957) | 363 | 145 | 1,001 | 178 |
| 61 | Adjustment to remove unqualified misc exp. for Corporate Sundries | (6,523) | (1,722) | (498) | (317) | (1,442) | (10,502) |
| 62 | Adjustment to annualization and consumption | 26,766 | (6,154) | 1,715 | (13,882) | 5,705 | 14,150 |
| 63 | Adjustment to Contra-OH allocations | 907,386 | 229,674 | 11,665 | 12,853 | 79,196 | 1,240,774 |
| 64 | Adjustment to amortized EDIT | (97,916) | (25,854) | (7,472) | (4,760) | (21,646) | (157,649) |
| 65 | Adjustment to payroll taxes | (145,293) | (5,041) | (10,728) | (3,717) | (24,750) | (189,529) |
| 66 | Adjustment to purchased water | (62,448) | 0 | 0 | 0 | 0 | (62,448) |
| 67 | Adjustment to contract services - other- Temporary labor | 46,458 | 0 | 46 | 0 | 14,721 | 61,225 |
| 68 | Adjustment to purchased sewer | 0 | 12,885 | 0 | 0 | 0 | 12,885 |
| 69 | Rounding difference | (11) | (18) | 4 | (2) | (1) | (28) |
| 70 | Revenue impact of Public Staff adjustments | (2,183,861) | (758,501) | (101,550) | (124,968) | (385,013) | (3,553,893) |
| 71 | Increase / (decrease) per Public Staff | <u>\$1,860,561</u> | <u>\$786,597</u> | <u>\$11,739</u> | <u>(\$42,799)</u> | <u>\$616,856</u> | <u>\$3,232,954</u> |
| 66-a | Adjustment to purchased waste water treatment price increase | | | | | | |
| 66-b | Add back temporary labor used to fill vacancies | | | | | | |

[1] Calculated by the Public Staff.

[2] Sum of Column (a) thru Column (e).